

July – August  
2000



WASHINGTON STATE  
GAMBLING COMMISSION

# Focus n Gambling

## AGENCY-REQUEST LEGISLATION

At the August Commission meeting, staff presented a proposal for agency-request legislation for next year's legislative session. The commissioners discussed the proposal and after some suggestions from Commissioner Ludwig, staff is now working on a more detailed package to be submitted to the Governor's Office.

### Summary of the Proposed Bill.

This bill is similar to the bill the Commission supported last year. The current law, RCW 9.46.196, combines the definition of cheating and penalties into a single statute. Currently, cheating is a gross misdemeanor, regardless of the number of people involved. The proposed legislation separates cheating into two degrees and creates a corresponding two-tiered penalty structure; it also moves the definition of cheating into its own section. Under the proposed legislation, any cheating would be a Class C felony, instead of a gross misdemeanor. If a person conspires with five or more people to cheat an operator, s/he could be charged with Cheating in the First Degree, a Class B felony. Furthermore, any licensee that engages in cheating would be guilty of Cheating in the First Degree, regardless of whether he/she conspired with others.

The only change from last year's bill is that we added language to rank the felonies of Cheating 1 and 2. This was something we overlooked last year; therefore, had the bill passed, the felonies would have been unranked. Last year, the bill passed the House, but it was a short session and it died in the Senate in committee. We believe there is support for the bill in the Senate and are hopeful it will be passed this session.

### Reason for Request.

The nature of gambling activities has changed significantly since the Gambling Act was passed in 1973. Until 1991, gambling in Washington was primarily "social" in nature--the gambling was between players with the house facilitating the game by providing cards, chips and a location for play, but not having

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**Curtis Ludwig**  
**Alan Parker**

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**Senator Shirley Winsley**  
**Representative Alex Wood**  
**Representative Jim Clements**

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**Program Manager:**

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an actual role in the game. Poker was played predominantly. With the passage of the Indian Gaming Regulatory Act in 1988 and subsequent Tribal Class III gambling, activities transitioned from "social" to "house-banked." In "house-banked" gambling, the players do not compete against one another; instead they compete against the "house," which now has a stake in the outcome of the game. When the Legislature passed house-banking for card rooms in 1997, the number of house-banked establishments in the state also grew.

Since house-banking, Commission staff have investigated and sought prosecution in several cases where groups of individuals conspired to cheat locations operating "house-banked" activities. Although each case involved a conspiracy between employees and patrons, and thousands of dollars were misappropriated in some cases, the statutory penalty for such activity is a gross misdemeanor, a penalty not commensurate with the activity. Prosecutors have attempted to file such charges under the Theft statutes instead. The difficulty in pursuing this course of action has been determining and proving the value of the property or services taken during the course of a cheating incident. Oftentimes, cheating affects the "odds" of winning, but this does not always translate into specific dollar winnings.

This bill would give prosecutors greater flexibility, as individuals could be charged based on their level of involvement in a cheating scheme, instead of charging all individuals with a gross misdemeanor. It would also alleviate the proof problems inherent in charging these individuals with Theft. Local prosecutors in Pierce County specifically suggested that the Gambling Commission seek this change in the law, which is why we requested this legislation last year.

Stakeholder Contacts. Last year, the Washington Association of Sheriffs and Police Chiefs (WASPC), Washington Association of Prosecuting Attorneys (WAPA), and the Recreational Gaming Association (RGA) supported this bill. We will be formally presenting it to WASPC and WAPA later this month and anticipate they will support the bill again this year. The RGA has already stated that they will support it and we hope to have support from the Washington Civic and Charitable Gaming Association (WCCGA) also. Any other licensees groups who have an interest in following or commenting on this legislation

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## CHANGES TO PROMOTIONAL CONTEST OF CHANCE LAW

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During the 2000 Session, legislation (Substitute Senate Bill 6373) passed streamlining the laws governing Promotional Contests of Chance (PCOC). Under the old law (RCW 9.46.0355 which was repealed), specific methods were listed as to what a participant may be required to do to enter a PCOC. The new law, effective June 8, 2000, greatly simplifies contest procedures by replacing specific entry requirements with basic guidelines.

### Highlights of the new law:

\*As long as a person is allowed to enter a contest for no consideration (a free entry), alternate entry methods are also allowed.

\*A promoter/sponsor may give additional entries into a contest for each purchase of services, goods, wares or merchandise if the promoter/ sponsor provides an alternate

method of entry requiring no purchase, except for contests offered through the mail.

\*Contests offered through the mail CANNOT offer additional entries based on purchases made.

\*All restrictions on grocery stores were removed.

\*A person may be required to submit a self-addressed stamped envelope as part of an entry requirement.

If you have any questions, or would like a copy of the new law, please contact Susan Arland, Rules Coordinator and Public Information Officer, Communications and Legal Department, at 1-800-345-2529, extension 374. You may also view an outline of the law on our agency web site [www.wsgc.wa.gov](http://www.wsgc.wa.gov) under Unlicensed or Prohibited

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## WEB-BASED TRAINING FOR RAFFLES

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Licensees applying for a raffle license or needing to train new raffle managers now have the option to receive their training on the Internet. The Gambling Commission's web site ([www.wsgc.wa.gov](http://www.wsgc.wa.gov)) has a link to a training site being developed by staff. The link can be found within the "Licensee Training" section. This section contains both the quarterly calendar for instructor-led classes as well as the link to web-based training.

This site will offer training to our licensees as well as the public in general who may be interested in learning more about gambling activities. Anyone wishing to view the site may do so without registering by entering as a guest. Those needing to register in order to receive credit for the training will need to

enter their organization's ID number before beginning the training. Upon successful completion of the course, this ID number will be electronically transmitted to the Licensing Services section to notify them that the training requirement has been satisfied for the person identified in the training.

Raffle licensees are encouraged to look through this site to be updated on the latest rule changes. The next training module to be created, Punch board and Pull-Tab training, is anticipated to be on line by January 2001.

Anyone with comments about this new training initiative should direct them to Communications Coordinator Cindy Reed in the Lacey office at (800) 345-2529 Ext. 372 or by e-mail at [cindyr@wsgc.wa.gov](mailto:cindyr@wsgc.wa.gov). ?

## **Washington State Gambling Commission 2000 COMMISSION MEETING SCHEDULE**

**October 12 & 13**

**WestCoast Silverdale Hotel**  
3073 NW Bucklin Hill Road  
Silverdale, WA 98383 – (360) 698-1000

**November 16 & 17**

**Shilo Inn**  
707 Ocean Shores Blvd. NW  
Ocean Shores, WA 98569 – (360) 289-4600

*No meeting in December, 2000.*

## **SHERRI WINSLOW ASSUMES NEW TITLE – NEW DEPUTY DIRECTOR OF OPERATIONS NAMED**

On June 30, 2000, it was announced that Deputy Director of Operations Sherri Winslow had chosen to step away from that position to pursue other goals. The agency did not completely lose her expertise as she accepted a temporary part-time position as Special Assistant to the Director. In this new position, Sherri will be responsible for completing the Bingo Task Force report and working directly with Executive Director Ben Bishop on important personnel and operations projects for the agency. Sherri has been with the Gambling Commission since 1982, when she was hired as a field auditor. She previously worked with the Yakima Indian Nation as an internal auditor after graduating from Central Washington University. Sherri held various positions with the Commission including audit supervisor, Audit Program Manager, Regional Manager of the Northwest Region, Assistant Director of Field Operations, and in July 1998, was appointed to the Deputy Director position.

On August 31, 2000, Director Bishop notified staff that he had selected Robert Berg to assume the duties of Deputy Director of Operations, effective September 1. Mr. Berg has served for the past two years as Assistant Director of Special Operations. Prior to joining the commission, Bob worked in local government, serving with the Centralia Police Department for fourteen years and working for Lewis County for twelve years, three as Lewis County Undersheriff and nine as Director of Public Services. Bob has a bachelors degree in criminal justice from Washington State University, a masters in public administration from University of Puget Sound and is a graduate of the Law Enforcement Command College and the University of Washington Cascade Executive Center for Public Service.

"I am pleased with the appointment and thank Ben for his confidence in my ability to help in leading the commission staff," Berg said. "I thank Sherri for her service to the

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commission and hope to build on her accomplishments. It will be great to continue to work with Cally and Derry in the management of the operating divisions and I look forward to working with Ben and Ed."

With the appointment, Bob announced some changes in the Operations divisions under his management. The position of Assistant Director for Special Operations will not be filled. On an interim basis, the financial investigation unit (FIU) and the criminal intelligence unit (CIU) will be transferred to the licensing operations division under Assistant Director Derry Fries. The tribal gaming unit (TGU) will report to Field Operations Assistant Director Cally Cass-Healy. The special investigations unit (SIU) and the agency law enforcement training program will remain under Berg. The masthead in this edition of the newsletter reflects the interim structure. Over the next four months a comprehensive analysis of the operating divisions will be conducted with a

final plan being put in place no later than the first of next year.

Executive Director Bishop said, "We will really miss Sherri's experience and her enthusiastic participation on our management team. Her ability to broker win-win situations has made a positive impact on both our staff and the licensees she worked with. I am fortunate that she will continue to work with staff in the areas that are important to our continued success. I hope you will join me in thanking Sherri for her contributions to our team, and give her your full support in her new role.

While we will never be able to fully replace Sherri, I am extremely happy that we were able to convince Bob to take on the added responsibilities of Deputy Director. Bob brings a diverse background and experiences to our team that will enable us to continue our tradition of excellence. Welcome Bob!" ?

## MEET THE COMMISSION STAFF

If you happen to notice a staff member busy around the county fairs during the summertime, it just might be Tony Hughes, the Gambling Commission's Amusement Game/Gambling Device Coordinator. Tony works in the Southwest Regional Office in Tacoma and is responsible for all issues related to the skill amusement games conducted at carnivals as well as those operated in other authorized locations such as game arcades, movie theaters, taverns, and supermarkets. He is also responsible to review all types of gambling devices submitted to the Commission for evaluation.

Tony graduated from the University of Puget Sound with a degree in Business Management. Prior to working for the Gambling Commission he owned his own

business for seven years.

Tony began working for the Gambling Commission in May 1999 in the Financial Investigations Unit before going to the Field Operations Division. He completed the Basic Law Enforcement Academy in March 2000 and was appointed the Amusement Game/Gambling Device Coordinator in May 2000.

Tony lists his goals for the position as:

- Protecting the operators and players from fraud and cheating; and
- Continuing to maintain a consistent approach of regulating amusement games (which depend on a material degree of skill) and gambling devices (which involve the element of chance in their operation). ?

## NEW FUND RAISING EVENT OPTION AVAILABLE

Another bill to come out of the 2000 Legislature has created a new option for the traditional "Reno Nights" conducted by nonprofit organizations. In the past, these events could only utilize unpaid members of the organization to staff the gambling stations, and there was a possibility that the event could lose money instead of making money for the organization.

The Commission passed rules in July necessary to implement the statutory changes. The rules became effective August 17, 2000 and are attached to the back of this newsletter.

The change to RCW 9.46.0233 will allow charitable/nonprofit organizations to conduct a new type of "limited" fund-raising event that will have the following features:

- The equipment distributor may supply paid staff for the gambling stations instead of utilizing only members.
- Participants may be required to pay an entry fee into the event. They will be

given a pre-determined amount of "scrip" or play money to be used for wagering at the gambling stations. Additional scrip may also be purchased.

- No cash prizes will be awarded. Instead, the participants will utilize the scrip at the end of the event to be awarded merchandise prizes. The value of any prizes purchased by the organization may not exceed 10% of the gross receipts of the event.

Many licensees will recognize this new event as falling somewhere between a standard Fund Raising Event (FRE) and a Recreational Gaming Activity (RGA). Organizations interested in pursuing this new option who would like a comparison of these three event options should review the chart below that continues on pages 7-8 of this newsletter to identify the similarities and differences. You may also contact your local special agent or a licensing technician for assistance in evaluating which activity would work the best for your organization. ?

Fund Raising Event (F.R.E.)	Limited F.R.E.	Recreational Gaming Event (R.G.)
Purpose is to raise money for charitable/nonprofit organization's purposes	Purpose is to raise money for charitable/nonprofit organization's purposes	Purpose is purely entertainment, not fund raising (i.e. fun raising) Purely nongambling.
Conducted by charitable/nonprofit organization	Conducted by charitable/nonprofit organizations	Conducted by any organization that has been in existence for at
Participants may purchase their chips for cash.	Participants may be required to pay a fee to participate, which may include being given chips, and they may purchase additional chips	There is no value to the chips, and additional chips may not be purchased. Only cost to participant is to defray costs of meal, entertainment, and rental

*Chart continued on page 7*

Fund Raising Event (F.R.E.)	Limited F.R.E.	Recreational Gaming Event (R.G. A.)
Participants may redeem their chips for cash and/or merchandise.	Participants may use their chips to redeem for ONLY merchandise prizes by participating in an auction, raffle	There is no value to the chips, and therefore no value to redeemed chips, except that there may be an auction from
The event may be open to the public.	Only members or guests of sponsoring organization may participate	Only members or guests of the sponsoring organization may participate.
No staff from the distributor may operate a gaming station. ONLY members may operate gaming stations.	FRE equipment distributor staff operate gaming stations. Only members of the nonprofit may be involved in money handling.	Anyone can operate the NONgambling stations. If the FRE equipment distributor provides staff, the organization doesn't need a permit.
Equipment must be leased from an FRE equipment distributor. Licensee responsible to make good faith effort to ensure profitability of event when signing contracts for	Equipment must be leased from an FRE equipment distributor. Licensee responsible to make good faith effort to ensure profitability of event when signing contracts for equipment rental.	Equipment can be leased from an FRE equipment distributor. No limitation on cost of equipment or premises rental. <b>NOTE: If homemade equipment is used, no RGA license is necessary.</b>
The organization may use its own facility or rent one.	The organization may use its own facility or rent one. The FRE equipment distributor may NOT provide the facility.	The organization may use its own facility or rent one.
The members operating the gaming stations may not be paid for their services. No tipping.	Staff from the FRE equipment distributor may be paid by the distributor, but not tipped by the participants. Members of the nonprofit may not be paid or tipped.	No limitations on payment for those operating the gambling stations.
Any proceeds in excess of \$10,000 must be given to a nonprofit eligible to receive funds from gambling activity.	Any proceeds in excess of \$10,000 must be given to a nonprofit eligible to receive funds from gambling activity.	No funds generated therefore no excess proceeds.
There is no limit on the value of redeemed chips. (Possibility the organization may lose money, although good planning should prevent this from happening.)	The value of any purchased prizes used for redemption of chips must not exceed 10% of the gross revenue less cost of equipment rental for the event.	There is no value to the chips and all prizes offered are donated.

Chart continued from page 7

Fund Raising Event (F.R.E.)	Limited F.R.E.	Recreational Gaming Event (R.G. A.)
The organization may not deduct the cost of rental equipment from the yearly maximum \$10,000 limit	The organization MAY deduct the cost of rental equipment and services and purchased prizes from the yearly \$10,000	No limitations
FRE equipment distributor must be paid a fixed fee, not a percentage of the receipts.	FRE equipment distributor must be paid a fixed fee, not a percentage of the receipts.	No receipts earned, so no percentage issues presented.



## Financial Reporting Services Reports

The following licensees failed to submit their quarterly reports when due. They have submitted their reports now and paid the appropriate fine based on the number of late reports in the preceding one-year period.

<u>LICENSEE/LOCATION</u>	<u>FINE</u>	<u>YR/QTR</u>
Little Ranch House/ Tenino	\$200	00/1
Loggers Landing Restaurant/ Quilcene	\$200	00/1
Smeads Tavern/ Washougal	\$200	00/1
Lena's Manchester Inn/Tavern/ Manchester	\$600	00/1

**NOTE: Beginning the fourth quarter of 1999, the schedule of fines has been revised for licensees who submit late reports.**

### **Schedule of Fines**

First Offense.....	\$200
Second Offense.....	\$400
Third Offense.....	\$600
Fourth Offense.....	A Statement of Charges will be sent.
<i>Subsequent offenses may lead to loss of license</i>	





## WASHINGTON STATE GAMBLING COMMISSION ADMINISTRATIVE ACTIONS



LICENSEE	VIOLATION	CASE OUTCOME
Grove Restaurant & Lounge, Everett	Permitting unlicensed individuals to conduct gambling activities. (Employing unlicensed card room employees).	Charges for suspension were issued. An Agreed Order was entered. The licensee agreed to a 30 day suspension. 23 of those days were deferred; the remaining 7 days were vacated with payment of a \$4,858 fine. The licensee also agreed to pay \$2,640 to reimburse the Commission for investigative and administrative
Ruby's Casino	Gambling manager operating without a license, and unable to obtain a license due to his criminal history.	Charges of revocation were issued. An Agreed Order was entered. The licensee agreed to a 30 day suspension. 15 of those days were deferred; the remaining 15 days were vacated by payment of a \$2,010 fine. The licensee also agreed that the gambling manager, Mansoor Chaudry would not have any actual or potential influence over the management or operation of any gambling activities at Ruby's Casino, and that Mansoor Chaudry would not perform any functions, in any capacity, including, but not limited to the management control or operation of the food and beverage facilities or accounts of
Larry Muchow (Golden Nugget Casino), Tukwila	Illegal Bookmaking	An Order of Summary Suspension was issued due to the licensee's participation in an illegal bookmaking operation. A hearing was held on July 21, 2000. The Administrative Law Judge upheld the Commission's action, and ordered Mr. Muchow's license revoked for a period of ten (10) years.
Bryan Fine (Goldie's Shoreline Casino), Shoreline	Improper play while dealing blackjack.	The Director issued a Statement of Charges suspending Mr. Fine's license. An Agreed Order was entered on August 3, 2000. The licensee agreed to a 14 day suspension. 7 of those days were deferred; the remaining 7 were served from July 26, 2000, through August 1, 2000.

**WASHINGTON STATE GAMBLING COMMISSION  
ADMINISTRATIVE ACTIONS  
CONTINUED**

LICENSEE	VIOLATION	CASE OUTCOME
Leonard Dawson (Silver Dollar Casino & Restaurant), Tukwila	Denial	Charges of denial were issued due to the applicant's criminal history. A hearing was held on February 14, 2000. The applicant did not appear; however, the applicant had withdrawn his request for a hearing, which was not received until after the hearing date. On July 13, 2000, the Commission entered their Findings, Conclusions, Decision and Final Order in Default denying Mr.
Lacey Casino, LLC, Lacey	Denial	Charges of Denial were issued because David Doremus, managing partner, failed to disclose a bankruptcy on his Financial Disclosure Statement, and did not provide sufficient source of funds documentation. In June, 2000, attorneys for Mr. Doremus requested that his client be withdrawn from the application, with the understanding that the pending charges will transfer to Mr. Doremus' service supplier application. Because Mr. Doremus withdrew from the application, the Director issued an Order of Dismissal without Prejudice for
Minh Tran (New Phoenix), La Center	Denial	Charges of Denial were issued due to the applicant's criminal history. The licensee requested a hearing, but prior to the hearing date, withdrew his hearing request and application, and the case was closed.
B.P.O.E. #1604, Mount Vernon	Failure to maintain adequate records and control of funds	Charges for suspension were issued. An Agreed Order was entered. The licensee agreed to a 30 day suspension. 15 of those days were deferred; the remaining 15 days were vacated by payment of a \$480 fine. The licensee also agreed that all board members would review the Commission's videotape regarding non-profit organizations, review the Commission's Management Guidelines for Charitable/Non-Profit Licensees, and

**WASHINGTON STATE GAMBLING COMMISSION  
ADMINISTRATIVE ACTIONS  
CONTINUED**

LICENSEE	VIOLATION	CASE OUTCOME
Dodge City Bar & Grill, Camas	Failure to disclose the criminal conviction of one of the owner's spouses, and civil actions filed against the licensees.	Charges of suspension/revocation were issued. An Agreed Order was entered. The licensee agreed to a 30 day suspension. 15 of those days were deferred; the remaining 15 days were vacated by payment of a \$2,050 fine. The licensee also agreed to purchase the owner's shares, and that the former owner would have no ownership interest or other involvement in the
Dodge City Saloon, Vancouver	Failure to disclose the criminal conviction on one of the owner's spouses, and civil actions filed against the licensees.	Charges of suspension/revocation were issued. An Agreed Order was entered. The licensee agreed to a 30 day suspension. 15 of those days were deferred; the remaining 15 days were vacated by payment of a \$2,050 fine. The licensee also agreed to purchase the owner's shares, and that the former owner would have no ownership interest or other involvement in the
Ed Monnot (Jaders), Renton	Discriminatory Pricing.	Charges of suspension were issued. An Agreed Order was entered. The licensee agreed to a 30 day suspension. 15 of those days were deferred; the remaining 15 days were vacated with payment of a \$420 fine.
Randy's Concessions, Portland	Failure to provide information, regarding recently discovered criminal history, as requested.	Charges of revocation were issued. The licensee did not respond. On July 13, 2000, the Commission issued its Findings of Fact, Conclusions of Law, Decision, and Order in Default.

**Mission Statement**

**The Gambling Commission regulates and controls gambling activities within the state of Washington and, in partnership with other law enforcement agencies, restrains criminal activities associated with unlawful gambling.**

## NEW MEASURES BEING IMPLEMENTED TO DECREASE THE NUMBER OF LATE ACTIVITY REPORTS

Over the last several quarters, we have noticed an increase in the number of late quarterly activity reports, particularly commercial punch board/pull-tab licensees. Commission rules require each licensee to send in their gambling activity report within 30 days following the end of each calendar quarter. Every operator must submit a report even if they had no gambling activity during the quarter. Even licensees who are no longer in business must submit a report if they held a gambling license during the quarter in question. Failure to do so can be the basis for denying the person a license should he/she apply for a license in the future (RCW 9.46.075(1)).

Timely submission of your reports, therefore, is a very important responsibility that comes with your gambling license. We thank those licensees who consistently submit their reports on time. For those who don't, it creates significant problems. Commission staff uses the activity reports to prepare statistical reports to monitor gambling activities and to help make decisions that affect licensees. Late reports also affect our regulatory programs and increase our processing costs, which ultimately, are paid by all licensees.

Commission staff implemented new measures

to encourage those having difficulty submitting their reports on time, to do so as required. As noted within the Schedule of Fines in the article on page 8 (Financial Reporting Services Reports), last year we increased our fines due to the additional costs (additional phone calls, letters, attorney time in drafting charges and staff time) caused by the late reports, to those operators who are late. Otherwise, the cost impact is spread across all licensees, which is not fair to those who submit reports on time.

Unfortunately, the number of late reports is still increasing. In the past, we have called licensees numerous times requesting the reports. **We will no longer be making as many calls. Instead, you will receive one reminder call.** After that, we will send a settlement and proposed fine. We regret having to do this; however, we hope this action will decrease the number of late reports.

If you need help to prepare your report or need more time to prepare it, you may contact David Allison or Delores Motz of Financial Reporting Services, at 1-800-345-2529 Extensions 328 and 327. Please note that we are willing to work with you if you have a legitimate reason for sending your report in late or need an extension of time. In any case, we need to get your report. Please assist us



## ADMINISTRATIVE RULES CHANGES

**The following rules were passed at the July meeting.**

Sales and Purchases of Gambling Equipment  
These rules will become effective January 1, 2001.

This rules package was proposed because there wasn't a rule requiring that licensees, such as distributors, only sell card room equipment to those licensees who can legally possess it, such as card rooms. This rules package remedies that.

**WAC 230-02-412**  
**Gambling equipment defined.**

This new rule clearly defines gambling equipment and puts all such equipment in one rule, instead of several.

**WAC 230-04-124**  
**Licensing of manufacturer, distributor, gambling service supplier, and linked bingo prize provider representatives – Exceptions.**

Language was added to clarify which employees of a manufacturer, distributor, gambling service supplier and linked bingo prize provider need to obtain a representative license.

**New Section WAC 230-12-335**  
**Control of gambling equipment – Sales and purchases by and to licensees only – Exceptions.**

This new rule clarifies that the sales and purchases of gambling equipment shall be made by and to licensees only. Furthermore, this rule sets forth that it is the responsibility of each licensee to ensure that

they are selling to, or purchasing gambling equipment from a person that holds a valid gambling license. The exceptions to this requirement were moved from WAC 230-30-212 (below) and WAC 230-30-213 (below) and placed in this rule so that all requirements, including exceptions, are addressed in one rule.

*The following rules were included in this rules package for housekeeping purposes only.*

**WAC 230-04-110**  
**Licensing of manufacturers.**

**WAC 230-04-115**  
**Licensing of manufacturers – Exceptions – Special sales permits.**

**WAC 230-04-120**  
**Licensing of distributors.**

**WAC 230-04-203**  
**Fees – Commercial stimulant and other business organizations.**

**WAC 230-30-212 --- REPEAL**  
**Punch boards, pull-tabs and related equipment may be sold with sale of business.**

**WAC 230-30-213 ---- REPEAL**  
**Sale of punch boards, pull-tabs and pull-tab dispensing devices when license revoked, expired or voluntarily surrendered.**

Sales on Licensed Premises Only  
This rule became effective August 14, 2000.

**WAC 230-12-073**

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### **Sales on licensed premises only – Exceptions.**

A charitable organization will be leasing part of its bingo premises to a commercial card room, which plans to operate house-banked card games. The charitable organization wants to be able to sell pull-tabs to the card room patrons. The charitable organization's gambling activities will be physically separate from the card room activities. This new rule sets forth the criteria for charitable and nonprofit organizations to sell punch board/ pull-tabs to patrons of a card room adjoining their premises.

### **Fund Raising Events**

These rules became effective August 17, 2000.

Fund-raising events (FREs) are conducted by charitable or nonprofit organizations to raise money for their stated purpose. During these FREs, bingo, amusement games, contests of chance, lotteries, and raffles may be conducted. Currently, only members of a charitable or nonprofit organization are allowed to conduct gaming activities at FRE gaming stations. Furthermore, both cash and merchandise prizes are allowed as prizes. See article in this newsletter detailing history and operation of a limited fund raising event.

The following rules were streamlined and headers added so information will be easier to find.

### **WAC 230-02-504**

#### **Fund-raising event defined.**

This new rule defines exactly what a fund-raising event is designed to accomplish.

### **WAC 230-25-030**

#### **Fund-raising event – Ten thousand dollars annual net receipt maximum.**

Organizations conducting fund-raising events (FREs) can earn a maximum of ten thousand dollars in annual net receipts. Net receipts are calculated by subtracting money used to purchase merchandise prizes and pay out cash prizes, from all wagers and bets received at the FRE. All money in excess of this limit is given back to FRE participants as prizes.

Language was added to allow organizations conducting a *limited* FRE to deduct the cost of equipment rental from the gross receipts when calculating the ten thousand dollar annual net receipts limit.

At the July meeting, the Commission chose to adopt Alternative #2 below:

**Alternative #1** – Currently, FRE licensees must return money earned in excess of the ten thousand dollar annual net receipts limit to players as prizes. New language was added to this rule requiring licensees conducting *limited* FREs to give these excess funds to another charitable organization, rather than return it to players.

**Alternative #2** – This alternative will require money earned in excess of the net receipts limit from *all* FREs to be distributed only to another charitable organization, rather than returned to players as prizes. This alternative would maintain consistency for the distribution of these funds for both types of FREs.

*It should be noted that in the past three years, there have been no instances of licensees exceeding the \$10,000 limit.*

### **WAC 230-25-040**

#### **Fund-raising event - House rules to be developed and posted – Limitations on wagers.**

Under current rules, licensees must develop house rules for each fund-raising event (FRE). Furthermore, players at FREs may bet no

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more than ten dollars per wager. Language was added for organizations utilizing scrip at *limited* FREs to exceed the ten-dollar wager limit.

**WAC 230-25-070**

**Fund-raising event((s)) - Central accounting system required.**

This rule sets the minimum accounting system for organizations to use when conducting fund-raising events (FREs). Language was added to require licensees conducting *limited* FREs to provide details of the allocation methods used to determine gambling receipts.

**WAC 230-25-100**

**Fund-raising event((s)) – Leasing of premises of retail business- Conditions.**

Language was added to RCW 9.46.0233 (2)(a) during the 2000 legislative session specifying that fund-raising event equipment distributors shall not provide the facility at which *limited* FREs are conducted; therefore, a new subsection was added to this rule to reflect the new law. To further clarify this restriction, language was included specifying that FRE equipment distributors shall not be compensated by the facility it chooses to use to conduct *limited* FREs.

**WAC 230-25-110**

**Fund-raising event – ((Use of)) Equipment use, lease or rental from licensee only.**

This rule sets forth who may sell, purchase, lease, and rent fund-raising equipment.

Language which sets forth the price limits for the sale and rental of FRE equipment was moved from this rule to WAC 230-25-120 below.

**WAC 230-25-120**

**Limits upon amount for rent, lease or similar payments for fund-raising events.**

This rule sets forth the limitations of how much can be paid for the rental of the premises and equipment used during a fund-raising event (FRE). Limitations remain unchanged for FREs with cash and/or merchandise prizes staffed by members-only.

At the July meeting, the Commission chose to adopt Alternative #1 below:

**Alternative #1** – This alternative removes the specific dollar limits these organizations can spend when conducting FREs. Furthermore, for streamlining purposes, subsection (6) from WAC 230-25-110 above was moved to this rule.

**Alternative #2** – The current rule lists specific dollar limits for what organizations can spend when conducting a FRE.

**WAC 230-25-150**

**Pull-tabs at fund-raising events - Authorized.**

Currently, pull-tabs are offered at fund-raising events. All wagers made at *limited* fund-raising events (FREs) must be made with scrip. Selling pull-tabs during these events would require mixing scrip and cash. This would be complicated and possibly confusing for some licensees and their employees. Therefore, to streamline the activity and keep the facilitation of these *limited* FREs less complicated, language was added to this rule to clarify that organizations shall not sell pull-tabs during *limited* FREs.

**WAC 230-25-200**

**Bingo at fund-raising events.**

Language was added to clarify that bingo games conducted at *limited* fund-raising events shall only be played using scrip and

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(Continued from page 15)

only merchandise prizes awarded.

**WAC 230-25-220**

**Raffles or similar drawings conducted at fund-raising events.**

Language was added to clarify that raffles conducted at *limited* fund-raising events shall only be conducted using scrip and only merchandise prizes awarded. Furthermore, raffles conducted at the end of a *limited* fund-raising event will be operated using non-cash value scrip obtained during the event.

**WAC 230-25-310**

**Fund-raising event - List of workers to be available on premises.**

Currently, FRE licensees must prepare a list of persons working at a FRE. This list shall be available for inspection by commission staff and law enforcement. Language was added to this rule requiring operators of *limited* fund-raising events to prepare a list detailing the name of the FRE equipment distributor and all of the distributor's employees who work the event.

**WAC 230-25-315**

**Workers to wear identification tabs.**

This rule change clarifies that member-workers at a fund-raising event (FRE), must have a name tag containing at least the full first name and last initial or first initial and last name.

Language was added requiring FRE equipment distributor employees working at a *limited* FRE to have a name-tag that states, at minimum, the first name of the worker and full name of the FRE equipment distributor.

**WAC 230-25-325**

**Limited fund-raising event - Merchandise**

**prizes.**

This rule sets out the restrictions and requirements to offer a limited fund-raising event.

At the July meeting, the Commission chose to adopt Alternative #2 below:

**Alternative #1** – This alternative sets a limit of 25% on the percentage of member guests that can attend *limited* FRE.

**Alternative #2** – This alternative does not limit number of member guests that can attend an FRE.

**The following rules will be Up for Discussion at the September meeting.**

Charitable/nonprofits Owing a Commercial Gambling Establishment.

**WAC 230-04-206**

**Ownership of a commercial gambling establishment by charitable and nonprofit organizations.**

Competition for players has increased and business has declined at charitable and nonprofit organizations. The Seattle Cascade Booster Club and other charitable and nonprofit organizations have expressed interest in purchasing commercial gambling establishments as a way to increase revenue for their organizations.

The policy on this issue is unclear. This proposal was on the agenda to generate further discussion. This rule was discussed at the June meeting and was Up for Discussion and Possible Filing at the July and August meetings. At the June meeting, the applicable laws were discussed. Furthermore, the following three versions of this rule were brought forward at the July meeting: Charitable and nonprofit organizations may:

**Original version:** Own no more than 49% of  
(Continued on page 17)



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a commercial gambling business;

**Alternative #1:** Not own any part of a commercial gambling business; or

**Alternative #2:** Own an entire interest in a commercial gambling business.

**At the August meeting, the Commissioners chose Alternative #1.** During the discussion before the vote was taken, the Commissioners made a policy statement to the effect that they support the work charities do - but don't feel the legislature intended them to operate house-banked rooms that are open to the public. The licensees were encouraged to pursue the idea with legislature if they wished to see this activity authorized. Each Commissioner spoke supporting charities, but not supporting this concept.

#### Surprise Punchboard/Pull-tab prizes

#### **WAC 230-30-070**

**Control of prizes – Restrictions – Bonus prizes – Displaying – Procedures for awarding.**

For the past twenty-five years, "surprise" merchandise prizes have been allowed for punch board/pull-tab games by policy. However, there are no rules in place regarding these games. A "surprise" merchandise prize is a merchandise prize that is wrapped up in some way so the customer cannot see the prize being offered, making it a surprise. These surprise merchandise games have been popular and fun for customers. The games have run smoothly over the years with few, if any, regulatory complaints or concerns.

This amendment will clarify what procedures must be followed when offering this type of prize. To comply with RCW 9.46.110 (d), language has been added requiring the amount licensees pay for each surprise merchandise prize to be listed on the

wrapper of the prize. Even though players won't know exactly what the prize is they are playing for (a surprise), they will be aware of its cost. For purposes of computing the prize pay-out, the pull-tab licensees will be allowed to record the prize with a 50% markup. This mark-up is the same that is currently allowed for other pull-tab games with merchandise prizes. Furthermore, language was included to require wrapped prizes to be on display in the immediate vicinity of the game.

#### Reporting Changes in Management

#### **WAC 230-04-330**

**Changes of management.**

Currently, this rule requires all changes in management positions to be reported to the Commission. This enables staff to conduct background investigations on people involved in the management of a gambling operation.

This amendment specifically lists which positions must be reported to the commission when changes are made to the management structure. By listing specific positions, redundancies are removed. For example: charitable and nonprofit organizations will no longer have to report management changes of individuals that are already licensed as a charitable or nonprofit gambling manager. A licensed charitable or nonprofit gambling manager has already passed a background investigation and is authorized to manage gambling activities. Therefore, there is no need to notify staff so that another background investigation can be conducted. Furthermore, the amendment streamlines and clarifies requirements so licensees can more easily understand them.

#### Promotional Contests of Chance

During the 2000 Session, legislation (SSB

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6373) passed regarding how promotional contests of chance may be conducted. This new law became effective June 8, 2000. Under the old law, RCW 9.46.0355, specific methods were listed as to what a participant may be required to do to enter a promotional contest of chance. The new law simplifies contest procedures by replacing specific entry requirements with basic guidelines.

As long as a person is allowed to enter a contest for no consideration (no entry fee), alternate entry methods will be allowed. Furthermore, a promoter/sponsor may give additional entries into a contest for each purchase of services, goods, wares or merchandise as long as the promoter/sponsor provides an alternate method of entry requiring no purchase. The only exception is for contests offered through the mail.

Contests offered through the mail CANNOT offer additional entries based on purchases made. Furthermore, in the past, it was unclear whether a person may be required to submit a self-addressed stamped envelope (SASE) as part of a contest. This new law clearly states that a contest participant may be required to submit a SASE. Finally, all restrictions on grocery stores were removed.

#### **WAC 230-46-010**

##### **Purpose.**

This rule references the current RCW governing promotional contests of chance. Therefore, a housekeeping change will be made to reference the new law.

#### **WAC 230-46-020**

##### **Definitions.**

The specific methods allowed for a person to enter a promotional contest of chance were listed in RCW 9.46.0355, which has been repealed. The new law simplifies the requirements that currently govern these

contests.

This rule is up for repeal because “promotional materials” and “perusing promotional materials” are no longer referenced in the law. Furthermore, “lottery” is already defined in RCW 9.46.0257 and promotional contests of chance is defined in the new law and does not require definition in a rule.

#### **WAC 230-46-025**

##### **Telephone charges – Valuable consideration.**

#### **WAC 230-46-070**

##### **Punch boards/pull-tabs and pull-tab dispensing devices not to be used in promotional contests – Exception.**

Housekeeping: The reference to the RCW 9.46.0355 requires updating of these two rules to reflect the new promotional contests of chance law.

#### Unlicensed, Members-Only Credit Union Raffles

#### **WAC 230-02-161**

##### **Bona fide nonprofit organization defined.**

During the 2000 Session, legislation passed enabling credit unions to conduct unlicensed raffles among members of their organization. This amendment to the law became effective June 8, 2000.

This change adds language to include credit unions as a charitable/nonprofit organization, but only for purposes of conducting



unlicensed raffles as set forth in RCW

# **WARNING! WARNING! WARNING! WARNING!**

## **WE'RE SHOUTING A WARNING! Is Anyone Listening?**

*-Paul Swortz, Special Investigations Unit*

Every fall we produce a story about the dangers of allowing illegal activities to be conducted on your licensed premises. We talk about your responsibilities as the license holder or the person in substantial control of the premises. Despite these warnings, the Special Investigations Unit is still finding illegal activities being conducted. You need only read the section on administrative actions to see the results of our investigations. You will see license suspensions, revocations, asset seizures and even a casino closure as consequences for violations of the rules.

It is the time of the year when sports betting goes into high gear. Football season is upon us and many people like to wager on their favorite teams. They also like to participate in sports pools and fantasy football leagues. These activities are allowed if the rules are followed. They become illegal if someone charges a fee for facilitating the activity or if they operate outside the guidelines set in the RCW.

Sports pools are authorized in RCW 9.46.0335. Any person, association, or organization may conduct a sports pool without a license but only when the outcome is dependent upon the score or scores of an athletic contest. Sports pools must be conducted in the following manner:

- Divide a piece of paper into 100 equal squares and offer these squares at no more than \$1 each;
- Purchasers should sign their name(s) on the square being purchased;
- Before the athletic contest begins, close the pool to additional purchases and assign a prospective score to each square by a random drawing;
- All money paid by entrants must be paid

out to the person(s) holding the winning square(s).

At any time prior to the payment of a prize, the board must be made available for inspection by:

- Anyone purchasing a chance;
- Gambling Commission agents;
- Law enforcement representatives.

These limitations apply to all sporting events equally (i.e. Super Bowl, Final Four, etc.) Anyone operating a sports pool should develop and post house rules regarding how the pools will be conducted. For example, a deadline for collecting prize money, winner identification and requirements for someone other than a winner collecting a prize, what will happen in the event of a tie, how to distribute the money if a winning square has not been sold.

*Just a friendly bet....* Licensees should be aware of any personal betting activities that occur on their premises. Person to person wagers are not prohibited as long as the wagers are not being accepted as part of a business and/or an additional fee or "vigorish" (also referred to as "vig" or "juice") is not charged for the opportunity to make a bet. For example, if you make a bet for \$25 on a football game and lose the bet, all you should owe is \$25 to the person who bet on the winning team. The method used during an illegal bet is that a third party places the bet for you and collects a fee for delivering the money to the winner. In the instance of using a "bookie" for this transaction, you would pay \$25 plus \$2.50. The bookie hands over your \$25 to the winner and keeps the \$2.50 as his cost of doing business.

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**Owners/managers beware!** If you are an owner, or are in substantial control of a premise and allow illegal activities to take place on your premises, you may be subject to charges also. Don't put your license at risk by overlooking those activities. Take care of your business.

The Gambling Commission staff has developed a video regarding illegal gambling activities. You should review it with your employees to refresh their memories and train new employees.

If you have any questions regarding illegal

## Rules Note...



On the following pages of this newsletter are the rules that were passed at the July Meeting.

NOTE: The FRE rules in Admin Order 387 have been incorporated into WAC 230-25, which has been reprinted for your convenience. Please replace chapter 230-25 with the new updated version.

Please remove the attached rules from the newsletter and place it into the appropriate section of your rules manual as required by WAC 230-12-080.

NEW SECTION

**WAC 230-02-412 Gambling equipment defined.** For purposes of this title, gambling equipment means any device, expendable supply or any other paraphernalia used in conjunction with or to facilitate gambling. Gambling equipment includes, but is not limited to:

- (1) Amusement games;
- (2) Punch boards and pull-tabs;
- (3) Devices for dispensing pull-tabs;
- (4) Electronic devices for conducting, facilitating or accounting for the results of gambling activities, including:
  - (a) Components of a tribal lottery system;
  - (b) Electronic devices for reading and displaying outcomes of pull-tabs defined by WAC 230-02-260; and
  - (c) Accounting systems that are a part of, or directly connected to, a gaming system including:
    - (i) Bet totalizers; or
    - (ii) Progressive jackpot meters;
- (5) Bingo equipment, as defined in WAC 230-02-250;
- (6) Equipment or machinery utilized for the manufacture of gambling equipment when such equipment is designed primarily for such purpose;
- (7) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in Tribal-State compacts, including, but not limited to:
  - (a) Gaming chips;
  - (b) Cards;
  - (c) Dice;
  - (d) Card shuffling devices;
  - (e) Graphical game layouts for table games;
  - (f) Ace finders or no-peak devices;
  - (g) Roulette wheels; and
  - (h) Tables manufactured exclusively for gaming purposes.

AMENDATORY SECTION (Amending WSR 97-21-043, filed 10/10/97, effective 11/10/97)

**WAC 230-04-110 Licensing of manufacturers.** Except as authorized by WAC 230-04-115, a license must be obtained from the commission prior to manufacturing, selling, or supplying gambling equipment to any person(s) within this state, or for use within this state. The following ~~((definitions and))~~ requirements apply to certification and licensing of manufacturers:

**Information required on an application.**

~~(1) ((For purposes of this title, "gambling equipment" includes at least the following devices:~~

- ~~(a) Punch boards and pull tabs;~~
- ~~(b) Devices for the dispensing of pull tabs;~~
- ~~(c) Bingo equipment, as defined by WAC 230-02-250; and~~
- ~~(d) Any gambling equipment, patented or otherwise restricted gaming schemes, or paraphernalia for use in connection with licensed gambling activities, recreational gaming activities, or Class III tribal gaming activities, including table games, chips, cards, and dice.~~

~~(2) The applicant shall include upon the application form supplied by the commission, the following information, as well as all other information and materials required elsewhere in these rules:))~~ The following information shall be submitted on an application form supplied by the commission:

- (a) The full name and address of the applicant;
- (b) The full name and address of each location where such devices are manufactured or stored;
- (c) The name, home address, and share of ownership of all owners of the manufacturing business if the business is not a corporation. If the business is a corporation, the name, address, and share of ownership of the officers, the directors, and substantial interest holders;
- (d) A full description of each separate type of gambling equipment or device that an applicant seeks to manufacture or to market in this state;
- (e) The brand name under which each type of gambling device or equipment is sold;
- (f) If the applicant is incorporated under laws other than the laws of Washington state, then the full name and business and home address of the resident agent designated by the applicant pursuant to WAC 230-12-300; and
- (g) A list of all distributors receiving gambling equipment and all businesses or organizations located within the state of Washington in which the applicant has any financial interest and the details of that financial interest. For the purpose of this subsection, the term financial interest shall include all arrangements through which a person directly or indirectly receives any portion of the profits of the licensed manufacturer and indebtedness between the licensee and any other person, other than a regulated financial institution, in excess of five thousand dollars.

**Information to be included with an application.**

~~((3) An applicant must demonstrate the ability to comply with all manufacturing, quality control, and operational restrictions imposed on authorized gambling equipment, patented or otherwise restricted gaming schemes, or equipment that it seeks to manufacture or market for use within the state of Washington. The licensing process shall include an on-site review of the applicant's manufacturing equipment and process for each~~

~~separate type of authorized gambling device, equipment, or scheme to ensure capability to comply with all regulatory requirements of this title and state/tribal compacts;~~

~~(4))~~ (2) The following information shall be included as an attachment to the application form:

(a) A list of all affiliated businesses or corporations in which the applicant, officers, directors, or substantial interest holders of the applicant, either directly or indirectly, own or control:

(i) As a sole proprietor; ~~((ex))~~

(ii) As a partner; ~~((ex))~~

(iii) More than fifty percent of the voting stock of a privately held or closed corporation; or

(iv) At least five percent of the voting stock of a publicly traded corporation.

(b) A list of all businesses or corporations licensed to conduct gambling activities or to supply gambling-related equipment, supplies, or services in which the applicant, officers, directors, or substantial interest holders of the applicant have any interest;

(c) A list of all jurisdictions in which the applicant or any of the officers, directors, or substantial interest holders of the applicant have been licensed regarding gambling~~((--))~~related activities at any level during the preceding ten years;

(d) A statement regarding whether the applicant or officers, directors, or substantial interest holders have ever had a license for gambling-related activities denied, revoked, or suspended by any jurisdiction for a period longer than thirty days. All details of such must be provided as a part of the application; and

(e) A statement acknowledging that all records related to the ownership or operation of the business shall be made available for review at the time and place requested by commission staff. ~~((In addition to other records requested, the following shall be available:-~~

~~(i))~~)

**Additional information may be required from applicant.**

(3) The following records shall also be available for inspection by commission staff:

(a) Personal financial records of all substantial interest holders;

~~((i))~~ (b) All records related to the scope of activity, including sales of product, purchases of raw materials and parts, and any contracts, franchises, patent agreements, etc., related to sales or purchases; and

~~((iii))~~ (c) Records related to any financial or management control of or by customers and suppliers.

**Applicant to demonstrate ability to comply with rules.**

(4) An applicant must demonstrate the ability to comply with all manufacturing, quality control, and operational restrictions imposed on authorized gambling equipment, patented or otherwise restricted gaming schemes (also referred to as proprietary games), or equipment that it seeks to manufacture or market for use within the state of Washington. The licensing process shall include an on-site review of the applicant's manufacturing equipment and process for each separate type of authorized gambling device, equipment, or scheme to ensure capability to comply with all regulatory requirements of this title and state/tribal compacts;

**Notifying commission staff of changes on an application.**

(5) The applicant shall notify the commission within thirty days of any change in the information submitted on or with the application form, including changes that occur after the license has been issued; and

**Applicant to comply with all laws and rules.**

(6) The applicant shall comply with all applicable laws of the United States and the state of Washington and all applicable rules of this commission.



AMENDATORY SECTION (Amending WSR 95-12-052, filed 6/2/95, effective 7/3/95)

**WAC 230-04-115 Licensing of manufacturers--Exception--Special sales permit.** The director may grant a special sales permit authorizing a manufacturer to sell to a ~~((distributor))~~ licensee or a tribal government, on a limited basis, authorized gambling equipment, patented or otherwise restricted gaming scheme, or paraphernalia.

**Criteria for a special sales permit.**

(1) A special sales permit may be issued when demand for a particular type of equipment, scheme, or paraphernalia is anticipated to be below the level of economic feasibility of obtaining a license ~~((or the type of product is not one for which licensing under WAC 230-04-110 is necessary to protect the public interest. Application for a special sales permit shall be processed in the following manner:~~

~~((1) An application shall be submitted on a form obtained from the commission setting forth the following information:))~~.

**Information required on an application.**

(2) The following information shall be submitted on an application form supplied by the commission:

- (a) Description of product(s), including trade name(s);
- (b) Anticipated scope of sales, in quantity and dollar value;
- (c) The name and address of the ~~((distributor))~~ licensee(s) that will broker the equipment;
- (d) All information necessary to determine the qualification of the manufacturer; and
- (e) A list of all jurisdictions in which the applicant business or any of the officers, directors, or substantial interest holders is currently licensed to conduct business related to gambling~~((; and~~
- ~~((f) The application shall be accompanied by a nonrefundable processing fee of two hundred dollars. Applicants may be assessed additional fees after an estimate of investigation costs have been established:))~~.

**Initial investigation by staff.**

~~((2))~~ (3) Upon receipt of all moneys requested by the commission, a limited investigation shall be initiated, the scope of which shall be established using the following criterion:

- (a) Anticipated demand for such equipment;
- (b) The nature of the equipment, including other sources of such equipment;
- (c) The availability of information from appropriate sources to verify the qualification of such manufacturer;
- (d) Annual sales compared to the anticipated cost of a comprehensive licensing investigation;
- (e) Whether the equipment, after installation, will require an ongoing relationship with the manufacturer;
- (f) Security issues related to the manufacturing, installation, and ongoing service of the equipment; and
- (g) Other factors deemed relevant~~((;))~~.

**Requirements not met for a special sales permit.**

~~((3))~~ (4) At any time during the investigation process, the director

may determine that a license is required under WAC 230-04-110. Upon notification of such, the applicant may withdraw their permit application without prejudice. If the applicant elects to proceed with an application for a manufacturer's license, all fees will be credited toward the appropriate license fee((+)).\_

**Duration of a special sales permit.**

((~~4~~)) (5) A special sales permit shall be valid for a period of one year from the date of issuance: Provided, That the director may void a permit upon written notice and require a license be obtained under WAC 230-04-110 prior to further sales.\_

**Fee for a special sales permit.**

(6) The fee for a special sales permit shall be as set forth in WAC 230-04-203.

AMENDATORY SECTION (Amending WSR 97-21-043, filed 10/10/97, effective 11/10/97)

**WAC 230-04-120 Licensing of distributors.** Prior to selling, renting, or otherwise supplying gambling equipment, supplies, or related paraphernalia, including service of such, to any person within the state of Washington or for use within the state of Washington, a distributor shall first obtain a license from the commission. The following ~~((definitions and))~~ requirements apply to certification and licensing of distributors:

**Information required on an application.**

~~(1) ((For purposes of this title, a license is required to sell, rent, or otherwise provide to any person the following items and/or services:~~

~~(a) Punch boards and pull-tabs;~~

~~(b) Devices for the dispensing of pull-tabs;~~

~~(c) Bingo equipment, as defined by WAC 230-02-250;~~

~~(d) Any gambling equipment or paraphernalia for use in connection with licensed gambling activities, recreational gaming activities, or Class III gaming activities, including table games, chips, cards, and dice; and~~

~~(e) Organizing and conducting recreational gaming activities on behalf of persons as defined by WAC 230-02-505.~~

~~(2) The applicant shall include upon the application form supplied by the commission, the following information, as well as all other information and materials required elsewhere in these rules:))~~ The following information shall be submitted on an application form supplied by the commission:

(a) The full name and address of the applicant;

(b) The business name and address of each location operated by the distributor or where records or inventory will be located;

(c) The name, home address, and share of ownership of all owners of the business if the business is not a corporation. If the business is a corporation, the name, address, and share of ownership of the officers, the directors, and substantial interest holders;

(d) A full description of each separate type of gambling equipment or related supplies that the distributor intends to market in this state or for use in this state;

(e) The brand name under which each type of gambling equipment will be sold;

(f) If the applicant does not maintain a business office within the state or is incorporated in another state or county, then the full name and business and home address of the resident agent designated by the applicant pursuant to WAC 230-12-300; and

(g) A list of all manufacturers of gambling equipment and all businesses or organizations located in the state of Washington in which the applicant has any financial interest and the details of that financial interest. For the purposes of this subsection, the term financial interest shall include all arrangements through which a person directly or indirectly receives any portion of the profits of the licensed distributor and indebtedness between any other person and the applicant, other than a regulated financial institution, in excess of five thousand dollars.

**Information to be included with an application.**

~~((3))~~ (2) The following information shall be included as an attachment to the application form:

(a) A list of all affiliated businesses or corporations in which the applicant, officers, directors, or substantial interest holders of the applicant, either directly or indirectly, own or control:

(i) As a sole proprietor; ~~((ex))~~

(ii) As a partner; ~~((ex))~~

(iii) More than fifty percent of the voting stock of a privately held or closed corporation; or

(iv) At least five percent of the voting stock of a publicly traded corporation.

(b) A list of all businesses or corporations licensed to conduct business related to gambling activities in which the applicant, officers, directors, or substantial interest holders of the applicant have any interest;

(c) A list of all jurisdictions in which the applicant or any of the officers, directors, or substantial interest holders of the applicant have been licensed for gambling-related activities at any level during the preceding ten years;

(d) A statement regarding whether the applicant or officers, directors, or substantial interest holders of the applicant have ever had a license for gambling-related activities denied, revoked, or suspended by any jurisdiction for a period longer than thirty days. All details of such must be provided as a part of the application; and

(e) A statement acknowledging that all records related to the ownership or operation of the business shall be made available for review at the time and place requested by commission staff. ~~((In addition to other records requested, the following shall be available:))~~

**Additional information may be required from applicant.**

~~((i))~~ (3) The following records shall also be available for inspection by commission staff:

(a) Personal financial records of all substantial interest holders;

~~((ii))~~ (b) All records related to the scope of activity, including suppliers, customers, and any contracts related to sales or purchases; and

~~((iii))~~ (c) Records related to any financial or management control of or by customers and suppliers.

**Notifying commission staff of changes on an application.**

(4) The applicant shall notify the commission within thirty days of any change in the information submitted on or with the application form ~~((and))~~, including changes that occur after the license has been issued.

**Applicant to comply with all laws and rules.**

(5) The applicant shall comply with all applicable laws of the United States and the state of Washington and all applicable rules of this commission.

AMENDATORY SECTION (Amending Order 369, filed 12/1/98, effective 1/1/99)

**WAC 230-04-124 Licensing of manufacturer, distributor, gambling service supplier, and linked bingo prize provider representatives--**  
**Exceptions.** Except as allowed by this section, all individuals representing or acting as an agent of a licensed manufacturer, distributor, gambling service supplier or linked bingo prize provider shall be licensed by the commission prior to selling, promoting or ((supplying to)) providing any person gambling equipment, paraphernalia or related services ((in connection with licensed gambling activities, a representative or agent of a licensed manufacturer, distributor, gambling service supplier, or linked bingo prize provider shall first obtain a license from the commission)). This includes individuals that manage or supervise individuals selling, promoting, or providing products or services for which a license is required. A licensed manufacturer, distributor, gambling service supplier or linked bingo prize provider shall not allow an unlicensed person to represent them in transactions restricted by this section and shall take all measures necessary to prevent an unlicensed person from doing so. The following ((definitions and)) restrictions, procedures and exceptions apply to representative licenses:

**Exceptions - representative license not required.**

(1) The following individuals do not require a separate representative's license:

(a) A sole owner, partner, major officer or board member and/or owner of a substantial interest in an entity ((licensed as a manufacturer, distributor, gambling service supplier, or linked bingo prize provider shall not be required to be additionally licensed as a representative to engage in the selling or supplying of the entity's products or services.)):

(b) Office, clerical or warehouse personnel who have contact with ((the public and)) customers or potential customers only by telephone ((or)) at the manufacturer's, distributor's, gambling service supplier's, or linked bingo prize provider's own premises when working under the immediate and direct supervision of an owner, partner, ((or)) major officer ((shall also be exempt from this licensing requirement. A manager or supervisor who is not a sole owner, partner or a major officer or owner of a substantial interest and whose duties and responsibilities include the supervision of selling, supplying and/or the promotion of products or services shall be licensed as required by this rule prior to performing such functions. A manufacturer, distributor, gambling service supplier, or linked bingo prize provider shall not allow an unlicensed person to represent them in such transactions and shall take all measures necessary to prevent an unlicensed person from doing so)), or a licensed manager or supervisor; and

(c) Resident agents required by WAC 230-12-300 when such agents are not involved in selling or providing products or services for which a license is required.

**Signature of employer required.**

(2) The manufacturer, distributor, gambling service supplier, or linked bingo prize provider for which the representative will work shall sign the application acknowledging that the applicant will be representing them with their full knowledge and consent.

**Requirements.**

(3) An applicant for a license as a distributor representative, gambling service supplier representative, or linked bingo prize provider representative shall:

Training.

(a) Complete a training course for any activity being managed, as required and provided by the commission within thirty days after the first day worked; and

Represent only one employer at a time - exceptions.

(b) Represent only one licensed manufacturer, distributor, gambling service supplier, or linked bingo prize provider at a time and shall not represent a manufacturer: Provided, That this rule shall not prevent a licensed representative from representing a manufacturer, distributor, and/or linked bingo prize provider when all businesses are owned by the same person: Provided further, That this rule shall not bar the distributor's representative from representing his own distributor who is also licensed as a manufacturer.

Conflict of interest.

(4) If a licensed gambling service supplier representative has any interest in a licensed manufacturer or distributor and they provide services to any punch board, pull-tab, or bingo operator, they shall inform the commission, the operator, and the manufacturer or distributor of the relationship. Such manufacturer or distributor shall be prohibited from selling punch boards, pull-tabs, or disposable bingo cards to such operator.

AMENDATORY SECTION (Amending Order 377, filed 11/30/99, effective 12/31/99)

**WAC 230-04-203 Fees--Commercial stimulant and other business organizations.** All persons seeking to operate gambling activities (~~at business locations~~) shall submit the following fees to the commission when applying for gambling licenses, permits, miscellaneous changes, inspection services, or when assessed the cost of special investigation procedures by the commission:

<u>LICENSE TYPE</u>	<u>DEFINITION</u>	<u>FEE</u>
<b>1. CARD GAMES</b>		
Class B	Up to five tables of limited card games - hearts, rummy, pitch, pinochle, and/or cribbage (Fee to play charged)	\$ 166
Class C	Tournament only, no more than ten consecutive days per tournament.	(( \$ - ))
C-5	Up to five tables	\$ 166
C-10	Up to ten tables	\$ 300
C-15	Up to fifteen tables	\$ 500
Class D	General - Up to five tables (No fee to play charged)	\$ 53
Class E	*General (Fee to play charged)	
E-1	One table only	\$ 398
E-2	Up to two tables	\$ 685
E-3	Up to three tables	\$ 1,142
E-4	Up to four tables	\$ 2,287
E-5	Up to five tables	\$ 3,440
Additional tables up to a maximum of fifteen may be authorized for an additional per table fee of \$1000.		
*In addition to the above initial license fee, the commission will assess all applicants/licensees the actual costs that exceed the license fee for conducting the initial investigation and inspection, any follow-up reviews or investigations involved in the approval of activities and schemes.		
Class F	Enhanced cardroom activities endorsement- Includes alternative fee collections (per hand; pot rake)((:)) and use of player-supported jackpot schemes ((and increased betting limits)).	
	Annual license fee	\$1,500
<b>2. CARD GAMES - HOUSE-BANKED</b>		
All tables within a card room operating any house-banked card game shall be licensed under this license class.		
	*Annual license fee	\$6,000

Per table fee (up to fifteen tables) \$1,500

\*The commission will assess all applicants the actual costs for conducting the initial license investigation and premises inspection. Any post licensing follow-up reviews, inspections, internal control evaluations or subsequent phases of operation shall also be charged actual costs. Licensees will be evaluated and charged for these additional authorizations/phases on an individual case by case basis.

<b>3. COMMERCIAL AMUSEMENT GAMES</b>			
	(Fee based on annual gross gambling receipts)		
* Class A	Premises only	** \$ 285/\$ 130	
Class B	Up to \$ 50,000		\$ 398
Class C	Up to \$ 100,000		\$ 1,024
Class D	Up to \$ 250,000		\$ 2,287
Class E	Up to \$ 500,000		\$ 4,012
Class F	Up to \$1,000,000		\$ 6,883
Class G	Over \$1,000,000		\$ 8,610

\* Allows a business that is qualified under WAC 230-04-138 (1)(f), (g), (h), (i), or (j) to enter into a contract with a class "B" or above commercial amusement game licensee to locate and operate amusement games upon their premises.

\*\* Provides for a fee reduction of ~~(((\$150))~~ \$155 when: Renewing an annual license; applying for an additional license(s) at the same premises; and/or applying for multiple licenses at the same premises.

<b>4. PUNCH BOARDS/ PULL-TABS</b>			
	(Fee based on annual gross gambling receipts)		
		<b>VARIANCE*</b>	
Class A	Up to \$ 50,000	\$ 5,000	\$ 544
Class B	Up to \$ 100,000	\$ 5,000	\$ 971
Class C	Up to \$ 200,000	\$ 10,000	\$ 1,832
Class D	Up to \$ 300,000	\$ 10,000	\$ 2,663
Class E	Up to \$ 400,000	\$ 10,000	\$ 3,440
Class F	Up to \$ 500,000	\$ 10,000	\$ 4,153
Class G	Up to \$ 600,000	\$ 10,000	\$ 4,812
Class H	Up to \$ 700,000	\$ 10,000	\$ 5,416
Class I	Up to \$ 800,000	\$ 10,000	\$ 5,967
Class J	Up to \$ 1,000,000	\$ 20,000	\$ 6,765
Class K	Up to \$ 1,250,000	\$ 25,000	\$ 7,509
Class L	Up to \$ 1,500,000	\$ 25,000	\$ 8,201
Class M	Up to \$ 1,750,000	\$ 25,000	\$ 8,771
Class N	Up to \$ 2,000,000	\$ 25,000	\$ 9,290



Class O	Over \$ 2,000,000	Nonapplicable	\$ 10,208
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\* A licensee will be allowed a one-time variance for each license class without having to upgrade or pay the penalties set forth in WAC 230-04-260: Provided, That a licensee utilizing the variance shall be required to upgrade to the higher license class upon renewal.

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5. **PUNCH BOARD AND PULL-TAB SERVICE BUSINESS**

(See WAC 230-04-133) *Initial application fee	\$ 206
Additional associate	\$ 129
Renewal	\$ 51

\*Includes up to two associates.

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6. **DISTRIBUTOR** (Fee based on annual gross sales of gambling related supplies and equipment)

(a) Class A Nonpunch board/pull-tab only	\$ 571
Class B Up to \$ 250,000	\$ 1,142
Class C Up to \$ 500,000	\$ 1,715
Class D Up to \$1,000,000	\$ 2,287
Class E Up to \$2,500,000	\$ 2,977
Class F Over \$2,500,000	\$ 3,667

In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification.

(b) **FUND-RAISING  
EVENT EQUIPMENT  
DISTRIBUTOR**

Class A Rents or leases equipment for fund-raising event or recreational gaming activity up to 10 times per year.	\$ 226
Class B Rents or leases equipment for fund-raising event or recreational gaming activity more than 10 times per year.	\$ 571

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7. **GAMBLING SERVICE SUPPLIER**

(See WAC 230-04-119)	\$ 594
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In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification.  
An annual fee of \$129 shall be charged for each new contract initiated by the gambling service supplier.

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8. **LINKED BINGO PRIZE PROVIDER**

(See WAC 230-04-126)	\$ 3,815
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9. **MANUFACTURER** (Fee based on annual gross sales of gambling related supplies and equipment)

Class A Pull-tab dispensing devices only	\$ 571
Class B Up to \$ 250,000	\$ 1,142

Class C	Up to \$ 500,000	\$ 1,715
Class D	Up to \$1,000,000	\$ 2,287
Class E	Up to \$2,500,000	\$ 2,977
Class F	Over \$2,500,000	\$ 3,667

In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification, quality control inspection for additional activities or product lines, compliance suitability evaluations, and renewal of licenses when travel cost is incurred to complete the investigation.

#### 10. PERMITS

AGRICULTURAL FAIR/ SPECIAL PROPERTY BINGO		
Class A	One location and event only (See WAC 230-04-191)	\$ 26
Class B	Annual permit for specified different events and locations (See WAC 230-04-193)	\$ 166
RECREATIONAL GAMING ACTIVITY (RGA)	(See WAC 230-02-505 and 230-25-330)	\$ 53
<u>MANUFACTURER'S SPECIAL SALES PERMIT</u>	(See WAC 230-04-115)	<u>*\$ 200</u>

\*The two hundred dollar fee is nonrefundable, whether the sales permit is approved or not. In addition, an applicant may be assessed additional fees incurred to process and determine suitability.

#### 11. CHANGES

NAME	(See WAC 230-04-310)	\$ 26
LOCATION	(See WAC 230-04-320)	\$ 26
BUSINESS	(Same owners)	\$ 53
CLASSIFICATION	(See WAC 230-04-340)	
LICENSE CLASS	(See WAC 230-04-260) New class fee, less previous fee paid, plus	\$ 26
DUPLICATE LICENSE	(See WAC 230-04-290)	\$ 26
OWNERSHIP OF STOCK	(See WAC 230-04-340)	\$ 53
LICENSE TRANSFERS	(See WAC 230-04-125, 230-04-340, and 230-04-350)	\$ 53

#### 12. SPECIAL FEES

INVESTIGATION	(See WAC 230-04-240)	As required
IDENTIFICATION AND INSPECTION SERVICES STAMPS	(See WAC 230-08-017)	As required
QUALITY CONTROL INSPECTION FEES	(See WAC 230-30-030)	As required

REPLACEMENT OF IDENTIFICATION STAMPS	(See WAC 230-30- 017)	\$ 26
EXCEEDING LICENSE CLASS	(See WAC 230-04- 260)	As required
REVIEW, INSPECTION AND/ OR EVALUATION OF EQUIPMENT, PARAPHERNALIA, SERVICES, OR SCHEMES	(See WAC 230-12- 315)	As required
SPECIAL SALES PERMITS	(See WAC 230-04- 115)	As required

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13. <b>SIX-MONTH PAYMENT PLAN</b>	(See WAC 230-04- 190)	\$ 26
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REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-30-212

Punch boards, pull-tabs and related equipment may be sold with sale of business.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-30-213

Sale of punch boards, pull-tabs and pull-tab dispensing devices when license revoked, expired or voluntarily surrendered.

NEW SECTION

**WAC 230-12-335 Control of gambling equipment--Sales and purchases by and to licensees only--Authorized transfers of gambling equipment.** It shall be the responsibility of all licensees to ensure that gambling equipment is closely controlled and possessed only by authorized persons. Gambling equipment possessed by unauthorized persons is subject to seizure and forfeiture. It shall be the responsibility of all licensees to report all unauthorized possession of such equipment to the commission. The following restrictions and exceptions apply to the transfer of gambling equipment:

**Restrictions.**

(1) Prior to selling gambling equipment to or purchasing such from any person, a licensee shall ensure that the person receiving or selling the equipment possesses a valid gambling license: Provided, That Class F and house-banked card room applicants may possess gambling equipment during the preclicensing process after receiving written approval from commission staff.

**Authorized transfers of gambling equipment.**

(2) In addition to normal business transactions between manufacturers, distributors and operators, the following transfers of gambling equipment are authorized:

(a) Gambling equipment may be transferred as a part of a sale of a business when such sale is contingent on the buyer receiving a gambling license prior to the completion of the transaction. A complete record shall be made of all gambling equipment transferred in this manner, including commission identification and inspection services stamp numbers. Such transfers, including a copy of the inventory record, shall be reported to the commission.

(b) Licensed operators or distributors whose license has been revoked, expired, or voluntarily surrendered may sell or otherwise transfer gambling equipment to a licensed manufacturer or distributor. Transfers of gambling equipment in this manner are subject to the following requirements:

(i) Such transfer shall be completed within thirty days of the date the license became invalid;

(ii) The transaction is for cash or credit against amounts owed a manufacturer by a distributor;

(iii) A complete inventory of all gambling equipment transferred in this manner, including commission identification and inspection services stamp numbers, shall be reported to the commission within ten days of the transaction by the operator or distributor selling the equipment; and

(iv) The licensed manufacturer or distributor receiving the equipment shall prepare a credit memorandum as required by WAC 230-08-025(2). A copy of the inventory record and notice of sale reported to the commission shall be attached and maintained as a part of this record.

(c) A bona fide charitable or nonprofit organization may sell or otherwise transfer gambling equipment used for fund-raising events to another charitable or nonprofit organization authorized to possess such equipment. Such transfers shall be limited as set forth in WAC 230-25-110. A complete inventory of all gambling equipment transferred in this manner shall be reported to the commission within ten days of the transaction by the charitable or nonprofit organization selling or transferring the equipment.

NEW SECTION

**WAC 230-12-074 Sales on licensed premises only--Exceptions.** (1) All gambling activities must be under the complete control of the licensed operator and conducted on the premises set forth in the license application as approved by the commission, with the following exceptions:

- (a) Raffle ticket sales; and
- (b) Amusement games operated on a Class A licensed premises.
- (2) A bona fide charitable or nonprofit organization licensed to conduct bingo and punch board/pull-tab games may sell punch boards/pull-tabs to customers of a licensed card room provided that the following conditions are met:
  - (a) The premises of the nonprofit licensee and the card room licensee share a common wall;
  - (b) Any door, counter or window allowing customer access through the common wall between the two premises is under the control of the nonprofit licensee and must be capable of being securely closed and locked;
  - (c) All punch board/pull-tab games shall be maintained and sold only on the premises of the nonprofit licensee, however, pull-tab players may take purchased punch boards/pull-tabs into the card room area;
  - (d) Punch board/pull-tab sales shall only be conducted by employees of the bingo/punch board/pull-tab licensee; and
  - (e) Signs shall conspicuously be posted at the door, window or counter separating the two premises clearly notifying the customers of the identity of the licensee selling the punch board/pull-tabs.
- (3) A licensed operator shall not be deemed to have violated this rule solely because the pull-tab players may take pull-tabs from the licensee's premises, if the pull-tabs are selected and purchased and prizes determined and paid on the licensed operator's premises.

NEW SECTION

**WAC 230-02-504 Fund-raising event defined.** "Fund-raising event," as set forth in RCW 9.46.0233, is an event conducted by a charitable or nonprofit organization to raise money for the organization's stated goals and purposes. During these limited duration events, bingo, amusement games, contests of chance, lotteries, and raffles may be conducted.



# Chapter 230-25 WAC

## FUND-RAISING EVENTS

### Last Update: 7/17/00

230-25-020	Fund-raising event--Licensee to give notice to local police jurisdiction prior to conducting--Inspection of equipment by police.	licensee's employee not "payment" for work on fund-raising event under certain conditions--Food and beverage exception.
230-25-030	Fund-raising event--Ten thousand dollars annual net receipts maximum.	
230-25-033	Fund-raising events on New Year's Eve extending past midnight.	230-25-270 Certain incidental functions at fund-raising event not part of management and operation of event.
230-25-040	Fund-raising event--House rules to be developed and posted--Limitations on wagers.	230-25-310 Fund-raising event--List of workers to be available on premises.
230-25-050	Wagering among participants not permitted.	230-25-315 Workers to wear identification tags.
230-25-055	Use of chips, scrip or similar items at fund-raising event.	230-25-320 Limits for operation and participation in fund-raising events.
230-25-060	Coin-operated gaming devices prohibited.	230-25-325 Limited fund-raising event--Procedures and restrictions.
230-25-065	Licensees may join together to conduct a fund-raising event.	230-25-330 Recreational gaming activity--Rules for play.
230-25-070	Fund-raising events--Central accounting system required.	
230-25-100	Fund-raising event--Leasing of commercial business premises--Conditions.	
230-25-110	Fund-raising event--Equipment use, lease or rental from licensee only.	
230-25-120	Expenditure limits for fund-raising events.	
230-25-150	Pull-tabs at fund-raising events--Authorized.	
230-25-160	Pull-tabs at fund-raising events--Operational requirements--Limitations.	
230-25-200	Bingo at fund-raising events.	
230-25-220	Raffles or similar drawings conducted at fund-raising events.	
230-25-230	Raffles or similar lotteries at fund-raising events--Tickets to be sold and income to be accounted for separately.	
230-25-235	Fund-raising event--Rules for blackjack.	
230-25-240	Prizes to be awarded only to persons who were present, and purchased tickets or made wagers, at fund-raising event.	
230-25-250	Operation of punch boards at a fund-raising event prohibited.	
230-25-260	Bona fide member of organization conducting fund-raising event.	
230-25-265	Fund-raising event--Regular salary for	

#### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

230-25-035	Recreational fund-raising event. [Statutory Authority: RCW 9.46.070(13). 79-12-057 (Order 94), § 230-25-035, filed 11/28/79.] Repealed by 81-19-072 (Order 111), filed 9/15/81. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14).
230-25-071	Fund-raising event--Definitions of job titles. [Statutory Authority: RCW 9.46.070(13). 78-11-049 (Order 87), § 230-25-071, filed 10/20/78.] Repealed by 81-19-072 (Order 111), filed 9/15/81. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14).

**WAC 230-25-020 Fund-raising event--Licensee to give notice to local police jurisdiction prior to conducting--Inspection of equipment by police.** No person licensed to conduct fund-raising events shall conduct any

such events at any location within the state of Washington without having first given notice to the local police agency of the jurisdiction within which the fund-raising events are to be conducted. Such notice shall be in writing, addressed to the head of the local police agency, and shall be delivered no less than ten days in advance of the date upon which the fund-raising event is to be conducted: Provided, That this time may be reduced by the chief officer of the local law enforcement agency for good cause shown.

Such notice shall include the following information:

(1) The name and address of the licensee, and the name and local address of the person exercising managerial authority over the conduct of the event at that location;

(2) The date or dates the fund-raising event will be conducted;

(3) The location at which the fund-raising event will be conducted.

The licensee shall not utilize any equipment in the conduct of the fund-raising event unless the equipment has been available for inspection by the local police agency for a period of two hours immediately preceding such utilization.

[Order 78, § 230-25-020, filed 11/17/77.]

**WAC 230-25-030 Fund-raising event--Ten thousand dollars annual net receipts maximum.** (1) The annual net receipts an organization shall earn conducting fund-raising events (FREs) must not exceed ten thousand dollars. Licensees must ensure the net receipts limit is not exceeded. Net receipts are calculated by subtracting money used to purchase prizes and pay-out cash prizes, from all wagers and bets received. This limitation applies to licensees conducting:

(a) One FRE for a period of seventy-two consecutive hours once during a calendar year; or

(b) Two FRE occasions during a calendar year. Each event shall not exceed twenty-four consecutive hours.

**Limited FREs may deduct cost of equipment rental.**

(2) Licensees conducting *limited* FREs (see WAC 230-25-325) may also deduct the cost of equipment rental from their gross receipts (all wagers and bets received) when calculating the ten thousand dollar annual net receipts maximum.

**Distribution of excess net receipts.**

(3) Licensees conducting FREs must distribute excess net receipts to another charitable or nonprofit organization that is either licensed by the commission, or meets the criteria set forth in RCW 9.46.0209. The money

must be distributed by check within thirty calendar days following the FRE. The licensee shall conspicuously post in the FRE gambling area the name(s) of the organization(s) that will receive the money earned in excess of the ten thousand dollar annual net receipts limit.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-030, filed 7/17/00, effective 8/17/00. Statutory Authority: RCW 9.46.070 (5), (7), (8), (9), (11), (14) and (19). 84-13-038 (Order 140), § 230-25-030, filed 6/15/84. Statutory Authority: RCW 9.46.070(7). 82-15-009 (Order 124), § 230-25-030, filed 7/9/82. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-030, filed 9/15/81. Statutory Authority: RCW 9.46.020(23) and 9.46.070(1). 80-06-038 (Order 102), § 230-25-030, filed 5/12/80. Statutory Authority: RCW 9.46.070(10). 78-11-049 (Order 87), § 230-25-030, filed 10/20/78; Order 78, § 230-25-030, filed 11/17/77.]

**WAC 230-25-033 Fund-raising events on New Year's Eve extending past midnight.** For the purposes of computing and applying limitations in chapter 9.46 RCW and these rules upon income to the licensee and upon the number of events, or consecutive hours in such events, in a calendar year, a fund-raising event which (1) includes any part of December 31, and (2) continues past midnight into the new calendar year, shall be treated as if each hour of the event had been held solely in the calendar year designated by the licensee upon the license application submitted to the commission for the event.

[Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-033, filed 9/15/81. Statutory Authority: RCW 9.46.070(13). 80-06-038 (Order 102), § 230-25-033, filed 5/12/80.]

**WAC 230-25-040 Fund-raising event--House rules to be developed and posted--Limitations on wagers.**

(1) Before conducting a fund-raising event (FRE), each licensee shall develop house rules to govern the scope and manner of all gambling activities to be conducted during the FRE. At a minimum, these rules shall:

(a) State the maximum amount of a single wager that may be placed by FRE participants. Wagering limits are as follows:

(i) Single wagers shall not exceed ten dollars;

(ii) Raffles or other similar drawings may exceed the ten dollar wagering limit, but may not exceed the limitations set forth in RCW 9.46.0277; and

(iii) There are no limits on wagers made using scrip.

(b) Prohibit any thing of value from being given to any person involved in the management or operation of the FRE; and

(c) Prohibit any person involved in the management or operation of the FRE from accepting any thing of value.

**Posting house rules.**

(2) A copy of the rules shall be conspicuously posted in the area where the FRE is being conducted at all times during the FRE. A copy must be available, upon request, to any law enforcement officer or representative of the commission, or member of the general public.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-040, filed 7/17/00, effective 8/17/00. Statutory Authority: RCW 9.46.0277 and 9.46.070. 96-07-077, § 230-25-040, filed 3/19/96, effective 7/1/96. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-040, filed 9/15/81. Statutory Authority: RCW 9.46.070(10). 78-11-049 (Order 87), § 230-25-040, filed 10/20/78; Order 78, § 230-25-040, filed 11/17/77.]

**WAC 230-25-050 Wagering among participants not permitted.** No licensee to conduct a fund-raising event shall permit, as a part of that fund-raising event, a gambling activity which involves a wagering of money or other items of value by one participant against another participant. This rule shall not be construed to prohibit gambling activities wholly administered by the licensee wherein the licensee collects wagers from among the participants and determines the winners and amounts of prizes on a parimutuel basis.

[Order 78, § 230-25-050, filed 11/17/77.]

**WAC 230-25-055 Use of chips, scrip or similar items at fund-raising event.** All chips, scrip or similar items, used as a substitute for money at a fund-raising event shall be issued only during and at the fund-raising event itself.

No such chips, scrip or similar items shall be redeemed by any licensee after the event is concluded.

[Statutory Authority: RCW 9.46.070. 95-12-051, § 230-25-055, filed 6/2/95, effective 7/3/95; Order 80, § 230-25-055, filed 12/28/77.]

**WAC 230-25-060 Coin-operated gaming devices prohibited.** In no event shall coin-operated pull-tab dispensing devices, or any other mechanical gambling or lottery device activated by insertion of a coin or other object be utilized at or in connection with the conduct of, the fund-raising event.

[Order 78, § 230-25-060, filed 11/17/77.]

**WAC 230-25-065 Licensees may join together to conduct a fund-raising event.** (1) Organizations holding a license to conduct a fund-raising event may join together with other organizations holding such a license to jointly conduct a fund-raising event providing that the following conditions are met:

(a) Prior approval to do so is received by each licensee from the commission for that particular fund-raising event;

(b) The method by which any income or losses and expenditures will be received, expended, and apportioned among the licensees conducting the fund-raising event is disclosed in writing to the commission, together with the application for the fund-raising event. Changes to the original application must be approved by the commission;

(c) The percentage of income or loss agreed to by any organization shall not be greater than the percentage needed for them to reach the maximum of \$10,000 for the calendar year;

(d) A lead organization and an event manager are designated in the application, with the lead organization having the responsibility for the central accounting system required by WAC 230-25-070, and compliance with WAC 230-25-030(3) regarding the distribution of receipts beyond those permitted in (2) below;

(e) Each licensee shall prepare a list of all persons from their organization taking part in the management or operation of the fund-raising event. Such list shall be available on the premises and contain, at a minimum, the name, address, telephone number, and a brief statement signed by the chief executive officer certifying that each member listed is a bona fide member as specified in RCW 9.46.020(15) and WAC 230-25-260.

(f) A fund-raising event report will be prepared and submitted by the lead organization as required by WAC 230-08-260; and

(g) Records are kept by each of the participating licensees which clearly disclose the amount of money received and expended in connection with the joint fund-raising event;

(2) The amount of income derived from the joint fund-raising event will not exceed the event limit of \$10,000. In addition, each participating organization must comply with annual limits imposed by RCW 9.46.020(23) and WAC 230-25-030. The joint fund-raising event shall count against only the lead organization or organizations receiving fifty percent or more of the allowable proceeds for the purposes of determining the number of such events an organization may conduct each year.

(3) The lead organization will be responsible for the deposit of the ending cash on hand and must comply with WAC 230-25-070(12). All funds due to any participating organization must be made by check and disbursed within 30 days following the end of the event.

[Statutory Authority: RCW 9.46.070 (8), (11) and (14). 89-15-039 (Order 194), § 230-25-065, filed 7/18/89, effective 8/18/89. Statutory Authority: RCW 9.46.010 and 9.46.070 (8) and (14). 85-03-025 (Order 143), § 230-25-065, filed 1/9/85. Statutory Authority: RCW 9.46.070 (5), (7), (8), (9), (11), (14) and (19). 84-13-038 (Order 140), § 230-25-065, filed 6/15/84.]

**WAC 230-25-070 Fund-raising events--Central accounting system required.** Licensees conducting fund-raising events (FREs) shall establish and maintain a central accounting system in a format prescribed by the commission for all activities conducted at the FRE. Licensees shall obtain accounting forms from the commission.

**Components of the central accounting system.**

(1) The central accounting system shall contain, but is not limited to, the following:

*Personnel.*

(a) Adequate personnel and physical areas to provide for the following minimum separation of duties:

(i) A banker, cashier, or count room to handle the original bankroll, provide coin or chips to the games, redeem chips and cash checks for the players;

(ii) A runner to transport money, chips and lock boxes between stations of the event; and

(iii) Pit bosses, each of whom shall supervise the operation of not more than six gambling stations and who shall supervise the transfer of lock boxes and chips/change trays to the count room.

*Procedures for securing, handling and counting money.*

(b) An area for the counting of money which is segregated from the area gambling is conducted. All money received in connection with the FRE shall be brought to this area for counting. Once any such money has been brought to this area, three persons shall be assigned to the count area with a minimum of two in the counting area at all times.

(c) The beginning bankroll shall be verified by at least two persons who shall sign such verification.

(d) There shall be documentation containing verifying signatures for the transfer of money between any two stations of the event.

(i) All count/fill slips shall be used sequentially. Voided count/fill slips will be signed by two persons and retained with accounting records.

(ii) All unused count/fill slips shall be retained along with all other count/fill slips as part of that FRE's accounting records.

(e) All games shall be numbered and provided with lock boxes and money paddles. The money paddle

shall remain in the lock box slot whenever it is not in use. The money slot of the lock box shall not exceed three and one-half inches in length and one-half inch in width.

(f) The keys to all lock boxes are to be kept in the count room at all times and the lock boxes are to be opened only in the count room by the count room personnel.

(g) All games are to be played using coin or chips and all currency tendered by the players shall be exchanged for coin or chips and immediately placed in the lock box by the dealer.

(h) All money and chips shall be transferred to the count room at the end of the day or event for final tabulation, reconciliation, and verification.

(i) The final tabulation and reconciliation shall be verified by at least three count room personnel who shall sign such verification.

(j) Access to the count room and the bankers and cashier's areas shall be restricted to the persons assigned to those functions and to the runner(s) who transport money or chips to or from those stations.

(k) Records shall provide sufficient detail to determine the net receipts of each activity conducted.

(l) The records shall contain a reconciliation of the ending cash on hand to net receipts.

(m) The ending cash on hand shall be deposited intact within two banking days of the conclusion of the event, and a validated deposit slip shall be included as part of the event records. There shall be no expenditure of any kind made from the ending cash prior to deposit. However, this subsection shall not prohibit a licensee from exchanging its ending currency and coin for a check of equal value to reduce the risk and exposure of carrying or storing large amounts of money.

**Accounting system for limited FREs.**

(2) Subsection (1) of this section shall not apply to *limited* FRE licensees (see WAC 230-25-325). For accounting purposes, *limited* FRE licensees shall comply with WAC 230-08-010 and must also provide details regarding how much of the admission fees from the FRE are allocated to gambling scrip and how much is allocated to other FRE expenses.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-070, filed 7/17/00, effective 8/17/00; 95-12-051, § 230-25-070, filed 6/2/95, effective 7/3/95. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-070, filed 9/15/81. Statutory Authority: RCW 9.46.070(7), (8) and (10). 78-11-049 (Order 87), § 230-25-070, filed 10/20/78; Order 78, § 230-25-070, filed 11/17/77.]

**WAC 230-25-100 Fund-raising event--Leasing of commercial business premises--Conditions.** (1) Fund-

raising events (FREs) shall not be operated within a commercial business catering to the public except when:

(a) The room or other portion of the premises in which the FRE is being conducted is separate and apart from the portion being used for the commercial business;

(b) The commercial business is closed to the public at all times during which the FRE is conducted on the premises; or

(c) The FRE is being conducted upon the premises of a bona fide charitable or bona fide nonprofit organization which is not also being used for a profit seeking business.

(2) No licensee shall conduct a FRE on or within any portion of a commercial business premises during the period any other FRE is being conducted on or within any portion of that retail premise.

(3) For *limited* FREs (see WAC 230-25-325), the FRE equipment distributor must not provide the facility or be otherwise compensated by the facility where the *limited* FRE is conducted.

#### **Separate and apart defined.**

(4) As used in this rule, separate and apart means a permanent or temporary partition which provides a solid, distinct separation between the portion of the room or premises the FRE is being conducted and the portion of the room or premises being used for the commercial business. This partition must limit the flow of pedestrians between the FRE and the commercial business to not more than two designated openings.

#### **FRE operator to control premises - exception for liquor.**

(5) The FRE operator must have, and exercise, complete control over the portion of the premises being used for the FRE, at all times the event is being conducted: Provided, That when the sale, service or consumption of intoxicating liquor is permitted in said portion of the premises, the liquor licensee or permittee shall be responsible for compliance with liquor laws and regulations.

#### **Commercial business employees shall not participate in FRE.**

(6) The owner, manager or any employee of the commercial business shall not be an officer of the FRE operator or participate in the operation of the FRE on that premises. No part of the operation or play of any gambling activity shall be conducted by the commercial business. The FRE operator shall be responsible for ensuring the commercial business does not participate in any of the FRE activities.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-100, filed 7/17/00, effective 8/17/00.

Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-100, filed 9/15/81.

Statutory Authority: RCW 9.46.070(1) and (10). 80-03-060

(Order 99), § 230-25-100, filed 2/25/80; Order 78, § 230-25-100, filed 11/17/77.]

#### **WAC 230-25-110 Fund-raising event-- Equipment use, lease or rental from licensee only. (1) Fund-raising event (FRE) licensees must:**

(a) Only purchase or rent gambling equipment from a licensed distributor or another FRE licensee; and

(b) Ensure the equipment it owns is only used during the operation of licensed FREs, or other authorized gambling activities it may offer.

#### **Equipment transfers by FRE licensees.**

(2) A FRE licensee may sell, loan or rent equipment acquired for its own FRE to another FRE licensee(s) for up to four events per year without being licensed as a FRE equipment distributor. The transfers must take place within the twelve calendar month period following the conduct of a licensed FRE.

#### **Equipment transfers by distributors.**

(3) Only persons holding a valid license to sell or distribute punch boards, pull-tabs, pull-tab dispensing devices, and/or FRE equipment are authorized to sell or lease gaming equipment to FRE licensees for use during a licensed FRE.

#### **Distributor responsibilities.**

(4) All commission rules relating to the sale or distribution of punch boards, pull-tabs, or pull-tab dispensing devices by distributors shall be applicable to the sale or rental of gaming equipment and pull-tabs used in a licensed FRE, except when such rules are inconsistent with the provisions of this section.

#### **Identification stamps not required.**

(5) FRE gambling equipment does not require commission approval or identification stamps.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-110, filed 7/17/00, effective 8/17/00.

Statutory Authority: Chapter 9.46 RCW. 91-15-040 (Order 224), § 230-25-110, filed 7/17/91, effective 8/17/91.

Statutory Authority: RCW 9.46.070. 88-19-038 (Order 183), § 230-25-110, filed 9/13/88. Statutory Authority: RCW 9.46.020(5) and § 1(5), chapter 326, Laws of 1977 ex. sess., and RCW 9.46.070(4). 78-03-061 (Order 81), § 230-25-110, filed 2/22/78; Order 80, § 230-25-110, filed 12/28/77.]

**WAC 230-25-120 Expenditure limits for fund-raising events.** (1) The purpose of a fund-raising event (FRE) is to raise funds for organizational purposes. FREs should be operated with a profit motive as described in WAC 230-02-503. FRE licensees shall make a good faith effort to ensure that the expenses paid for all phases of the FRE, including premises, equipment rental, and prizes do

not exceed the total gross receipts received for all phases of the activity.

**Price limit on sale and rental of FRE equipment.**

(2) No sale, rental or lease of gaming equipment, premises or services for use in a licensed FRE shall be transacted except on commercially reasonable terms established in the competitive market. All rentals shall be a lump sum or hourly rate and shall not be based upon a percentage of the income or profit derived from the conduct of a FRE.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-120, filed 7/17/00, effective 8/17/00; 90-24-005 (Order 218), § 230-25-120, filed 11/26/90, effective 12/27/90; 88-19-038 (Order 183), § 230-25-120, filed 9/13/88. Statutory Authority: RCW 9.46.070 (11) and (14). 85-03-059 (Order 146), § 230-25-120, filed 1/15/85. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-120, filed 9/15/81. Statutory Authority: RCW 9.46.070(15). 79-11-074 (Order 93), § 230-25-120, filed 10/19/79; 79-01-026 (Order 88), § 230-25-120, filed 12/18/78.]

**WAC 230-25-150 Pull-tabs at fund-raising events--Authorized.** Pull-tabs are authorized for use at fund-raising events (FREs) and shall be treated as conducted solely under the FRE license: Provided, That pull-tabs shall not be offered for sale at *limited* FREs (see WAC 230-25-325). Except where superseded by WAC 230-25-160, all rules applicable to the operation of pull-tabs set forth in chapter 230-30 WAC shall be applicable to pull-tabs utilized at FREs.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-150, filed 7/17/00, effective 8/17/00; 88-19-038 (Order 183), § 230-25-150, filed 9/13/88.]

**WAC 230-25-160 Pull-tabs at fund-raising events--Operational requirements--Limitations.** The following requirements shall be utilized in the sale of pull-tabs at fund-raising events.

(1) All pull-tab series for use at fund-raising events shall contain the inspection identification stamps and record entry labels and shall be purchased for specific use at fund-raising events.

(2) Pull-tabs shall be removed from the packaging container and mixed before selling to the public. All pull-tabs will be sold out of a noncoin operated dispensing device (clear container). Pull-tab prices shall be equal to the price set by the manufacturer for each specific series. The maximum price for any pull-tab shall not exceed fifty cents.

(3) Up to a maximum of three pull-tab series may be out for play at one time. All pull-tabs shall be sold from

a booth or similar confined area which prohibits public access to the pull-tabs.

(4) Each pull-tab series shall constitute a separate table and have a separate number. Each series shall have a separate corresponding lock box, money paddle, chip rack for making change and payment of prizes. All currency, coin, or chips used to purchase pull-tabs, shall immediately be placed in the corresponding lock box by the attendant(s) on duty. All change given back to players shall be in the form of chips or coin.

(5) All winning pull-tabs shall be defaced when cashed in and deposited in the corresponding lock box. Winning pull-tabs shall be paid in chips and coin only. Provided: Winning pull-tabs may be redeemed for additional tabs from the same series only. When a winning pull-tab of five dollars or more is cashed, the attendant shall conspicuously delete all references to that prize being available to players from the flare prior to awarding the prize. In addition, for prizes over twenty dollars, the attendant(s) will verify the winner's identity and record the date, and initial the winning pull-tab. The winner shall be required to print their name and date of birth in ink on the winning pull-tab or to an attached sheet of paper.

(6) When a series is removed from play, the series (including the flare), the corresponding lock box and chip rack shall be transported to the count room by a runner at which time the box shall be opened for tabulation. All gross gambling receipts collected, prizes paid and tabs sold shall be tabulated and recorded on the pull-tab accounting report furnished by the commission in accordance with the instructions attached to the accounting report.

(7) After completing the count, winning pull-tabs shall be packaged separately or banded and placed with the unused portion of that particular series in the original shipping container. The organization must retain the used series for a period of one year.

(8) At the completion of the fund-raising event, all series still out for play shall be transported to the count room in accordance with subsections (6) and (7) of this section. All unopened pull-tab series shall be returned to the licensed distributor who furnished the series for a full refund. Pull-tab series purchased for fund-raising events shall not be sold, or transferred.

[Statutory Authority: RCW 9.46.070. 94-07-084 (Order 250), § 230-25-160, filed 3/16/94, effective 4/16/94. Statutory Authority: RCW 9.46.070 (8), (11) and (14). 93-12-082, § 230-25-160, filed 5/28/93, effective 7/1/93; 89-15-039 (Order 194), § 230-25-160, filed 7/18/89, effective 8/18/89. Statutory Authority: RCW 9.46.070. 88-19-038 (Order 183), § 230-25-160, filed 9/13/88.]

**WAC 230-25-200 Bingo at fund-raising events.** Bingo games conducted as part of a licensed fund-raising

event (FRE) authorized by chapter 9.46 RCW shall be treated as conducted solely under the FRE license. All income, prizes awarded, and other expenses shall be separately accounted for, and reported to the commission as FRE activity. The following procedures apply to bingo conducted as part of a FRE:

(1) All general requirements and limitations set out in chapter 230-25 WAC apply.

#### **Income.**

(2) Income from bingo games shall be applied only against the maximum income permitted for FREs and shall not be applied against other maximum income limits imposed by chapter 9.46 RCW or the commission rules.

#### **Rules not applicable to FRE bingo.**

(3) All of the commission's rules applicable to the conduct of bingo games shall apply: Provided, That the following rules shall not be applicable to bingo games conducted as part of a FRE:

- (a) WAC 230-20-065;
- (b) WAC 230-20-070;
- (c) WAC 230-20-170;
- (d) WAC 230-20-242; and
- (e) WAC 230-20-246(10).

#### **Bingo card inventory.**

(4) If a FRE licensee is also a bingo licensee and uses disposable bingo cards for bingo games conducted at a FRE, the inventory control procedures of WAC 230-08-105 shall apply. A reference to all cards or packets of cards used shall be made in the inventory control records. If the organization does not have a license to conduct bingo, all unused cards or packets must be retained as part of the event record: Provided, That licensees may return unused cards or packets to the distributor if there are no breaks in the audit numbers of the unused portion. The distributor shall document the total number of cards or packets returned and the beginning and ending audit numbers.

#### **Bingo at *limited* FREs.**

(5) If bingo is conducted at a *limited* FRE (see WAC 230-25-325), only scrip shall be used to purchase bingo cards and participants may only play for merchandise prizes.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-200, filed 7/17/00, effective 8/17/00; 94-11-095 (Order 251), § 230-25-200, filed 5/17/94, effective 7/1/94. Statutory Authority: RCW 9.46.070 (5), (7), (8), (9), (11), (14) and (19). 84-13-038 (Order 140), § 230-25-200, filed 6/15/84; Order 78, § 230-25-200, filed 11/17/77.]

#### **WAC 230-25-220 Raffles or similar drawings**

**conducted at fund-raising events.** Raffles or similar drawings may be conducted at fund-raising events (FREs) when they meet the following requirements:

#### **Sales and drawings at event only.**

(1) All aspects of a raffle or similar drawing must be conducted at the FRE to be considered a raffle held at such event. All tickets must be sold during the event and drawing(s) of a ticket, card, or other device must be held during the event.

#### **Sales and drawings conducted outside a FRE.**

(2) If any raffle ticket is sold, or any drawing for a raffle or similar drawing held, other than during a licensed FRE:

- (a) No portion of the raffle or similar drawing shall be conducted at or during any licensed FRE; and
- (b) The raffle or similar drawing shall not be considered as being held under the FRE license for such FRE.

#### **Raffles conducted under a FRE license.**

(3) Raffles or other similar drawings wherein the winner or winners are chosen by the drawing of a ticket or other card or device conducted at, or as a part of, a licensed FRE authorized by RCW 9.46.0311 shall be treated as conducted under the license to conduct that FRE. All income, prizes awarded, and other expenses shall be accounted for, and reported to the commission, as required for FREs but shall not be reported, or accounted for, as required for raffles conducted under a raffle license issued by the commission, or under different statutory authority: Provided, That the requirements of WAC 230-20-325 applicable to raffles shall be applicable to all such drawings conducted at a FRE, except that single chances on drawings may be sold for up to twenty-five dollars per chance.

#### **Income from raffles.**

(4) Income from raffles or other drawings conducted at, or as a part of, a FRE shall be applied only against the maximum income permitted for FREs and shall not be applied against other maximum income limits imposed by chapter 9.46 RCW or the commission's rules.

#### **Rules not applicable to FRE raffles.**

(5) All commission rules applicable to raffles, whether general or specific, shall apply to raffles and to the conduct of other similar drawings wherein the winner or winners are chosen by the drawing of a ticket or similar card or device at, or as a part of, a FRE, except as provided in subsection (3) of this section and except the following rules which shall not be applicable:

- (a) WAC 230-08-070;
- (b) WAC 230-20-350; and
- (c) WAC 230-12-020.

### **Raffles conducted under a raffle license during a FRE.**

(6) Subsections (1) through (5) of this section shall not apply to a drawing held during a FRE if the raffle is conducted under a raffle license issued by the commission and all tickets for the raffle are sold and deposited into the drawing container before the beginning of the FRE.

### **Raffles at *limited* fund-raising events.**

(7) Two types of raffles may be offered at *limited* FREs (see WAC 230-25-325):

(a) Raffles as set forth in subsection (1) through (6) of this section; and

(b) Raffles conducted during *limited* FREs or at the end of the event as a means of determining who will win merchandise prizes. Raffle tickets for these types of raffles shall only be purchased with noncash value scrip provided at the event by the FRE equipment distributor.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-220, filed 7/17/00, effective 8/17/00. Statutory Authority: RCW 9.46.0277 and 9.46.070. 96-07-077, § 230-25-220, filed 3/19/96, effective 7/1/96. Statutory Authority: RCW 9.46.070 (1), (2), (4), (5), (6), (9), (11), (14) and (17) and 9.46.020 (19) and (23). 85-17-015 (Order 153), § 230-25-220, filed 8/12/85. Statutory Authority: RCW 9.46.020 (1) and (23) and 9.46.070(1). 85-11-023 (Order 150), § 230-25-220, filed 5/13/85. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-220, filed 9/15/81. Statutory Authority: RCW 9.46.070(10). 78-04-032 (Order 83), § 230-25-220, filed 3/16/78; Order 78, § 230-25-220, filed 11/17/77.]

**WAC 230-25-230 Raffles or similar lotteries at fund-raising events--Tickets to be sold and income to be accounted for separately.** (1) Tickets for entry into a raffle or similar lottery held at, and as a part of, a fund-raising event, wherein the winner or winners are determined by the drawing of a ticket from among tickets sold or issued, shall be sold or issued separately and each shall constitute a separate and equal chance to win with all other tickets sold or issued. No person shall be required to obtain more than one ticket, or to pay for anything other than the ticket, in order to enter any such raffle or similar lottery.

(2) The provisions of WAC 230-20-100 respecting receipting for, and accounting for, sales of raffle tickets and prizes shall apply to all such raffles and similar lotteries, which together shall be treated as raffles for the purposes of this rule. Each such raffle or similar lottery shall be accounted for separately from other activities in connection with the fund-raising event.

[Order 78, § 230-25-230, filed 11/17/77.]

**WAC 230-25-235 Fund-raising event--Rules for blackjack.** The game of "21" (blackjack) when played as part of a licensed fund-raising event shall be played in conformance with the following:

(1) Cards shall be dealt from a dealing shoe. The deal shall begin with the shoe containing four full decks of cards and proceed until, in the dealer's judgment, the cards should be reshuffled or the cards withdrawn for examination and/or replaced. The shoe shall then be refilled with four decks of cards and the process repeated.

(2) All cards shall be dealt to the players face up.

(3) Players are not to remove or pick up cards from the table and will not "shuffle" or "cut" the cards.

(4) Only "standard size" playing cards shall be used.

(5) Cards may be shuffled using a device, apparatus, or mechanism. No device, apparatus, mechanism or thing which may give a participant in a card game an advantage over any other participant in that game may be used by any organization or person.

[Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-235, filed 9/15/81. Statutory Authority: RCW 9.46.070(10). 78-11-049 (Order 87), § 230-25-235, filed 10/20/78.]

**WAC 230-25-240 Prizes to be awarded only to persons who were present, and purchased tickets or made wagers, at fund-raising event.** No prize or wager shall be paid or awarded in connection with a fund-raising event to any person who is, or was, not present at the event himself and personally there made the wager, or obtained the ticket or chance, resulting in such award or payment.

[Order 80, § 230-25-240, filed 12/28/77.]

**WAC 230-25-250 Operation of punch boards at a fund-raising event prohibited.** No licensee to conduct a fund-raising event shall operate punch boards as a part of that event.

[Statutory Authority: RCW 9.46.070. 88-19-038 (Order 183), § 230-25-250, filed 9/13/88; Order 80, § 230-25-250, filed 12/28/77.]

**WAC 230-25-260 Bona fide member of organization conducting fund-raising event.** (1) For the purposes of eligibility to participate in managing or otherwise assisting in the operation of a fund-raising event, a person is a bona fide member of a bona fide charitable or bona fide nonprofit organization only when he or she:

(a) Has become a member prior to the



commencement of the fund-raising event and such membership was not dependent upon, or in any way related to the payment of consideration to participate in, any gambling activity; and

(b) Has (i) been admitted upon written application, only after investigation and ballot, with such action being recorded in the official minutes of a regular meeting, or (ii) has held full and regular membership status in the organization for a period of not less than twelve consecutive months prior to the subject fund-raising event; and

(c) Has paid reasonable initiation or admission fees for membership, and/or dues, consistent with the nature and purpose of the organization and with the type of membership obtained and is not in arrears in payment of such fees or dues; and

(d) Has met all other conditions required by the organization for membership and is in all respects a member in good standing at the time of the subject fund-raising event.

(2) Member or bona fide member shall include only members of an organization's specific chapter or unit licensed by the commission or otherwise actively conducting the fund-raising event: Provided, That

(a) Members of chapters or local units of a state, regional, or national organization may be considered members of the parent organization for the purpose of a fund-raising event conducted by the parent organization, if the rules of the parent organization so permit;

(b) Members of a bona fide auxiliary to a principal organization may be considered members of the principal organization for the purpose of a fund-raising event conducted by the principal organization. Members of the principal organization may also be considered members of its auxiliary for the purpose of a fund-raising event conducted by the auxiliary; and

(c) Members of any chapter or local unit within the jurisdiction of the next higher level of the parent organization, and members of a bona fide auxiliary to that chapter or unit, may assist any other chapter or local unit of that same organization licensed by the commission in the conduct of a fund-raising event.

[Statutory Authority: RCW 9.46.070 (5), (7), (8), (9), (11), (14) and (19). 84-13-038 (Order 140), § 230-25-260, filed 6/15/84. Statutory Authority: RCW 9.46.070(18). 78-04-032 (Order 83), § 230-25-260, filed 3/16/78.]

**WAC 230-25-265 Fund-raising event--Regular salary for licensee's employee not "payment" for work on fund-raising event under certain conditions--Food and beverage exception.** The salary of a regular and full time employee, or a regular but part time employee if the organization has employed a person in that part time position for the past three consecutive years, of an organization licensed to conduct fund-raising events shall

not be deemed "payment" (as the term "paid" is used in RCW 9.46.0233) for work performed by the employee in connection with a fund-raising event conducted by that organization when all of the following conditions are met:

(1) The position held by the employee has been created for purposes unrelated to the conduct of fund-raising events and requires the performance of duties unrelated to fund-raising events year around. The employee's contribution to fund-raising events must be an incidental part of his or her total duties, consisting of less than 1% of total time worked for the organization; and

(2) The employee is paid on a recurring basis on a regular and established rate throughout the calendar year, unrelated to the income produced by any fund-raising event; and

(3) The employee does not operate any gambling game or lottery at any fund-raising event conducted by the organization but confines his or her services in connection with the event to assisting the organization's other members with the overall planning and organization of the event and with supervision of the supporting services for the event. However, such an employee who is also a bona fide member of the organization or its bona fide auxiliary and is not otherwise scheduled for duty in his or her assigned employee duties at the time the fund-raising event is to be held may participate in the conduct of the fund-raising event as a bona fide member as set out in WAC 230-25-260.

(4) For the purposes of this rule, the furnishing of food and nonalcoholic beverages to event volunteers, not to exceed \$20 per volunteer per event, shall not be construed as payment or compensation.

[Statutory Authority: Chapter 9.46 RCW. 91-05-047 and 91-06-008 (Orders 220 and 220A), § 230-25-265, filed 2/14/91 and 2/22/91, effective 3/17/91 and 3/25/91. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-265, filed 9/15/81. Statutory Authority: RCW 9.46.070(13). 79-01-026 (Order 88), § 230-25-265, filed 12/18/78.]

**WAC 230-25-270 Certain incidental functions at fund-raising event not part of management and operation of event.** Persons who perform only the following incidental functions in connection with a fund-raising event shall not be deemed to be participating in the "management or operation" of such an event for the purposes of that portion of RCW 9.46.020(23) requiring that persons participating in the management or operation of the event be members of the licensee organization:

(1) The serving of food and drink to participants in the event;

(2) The parking of cars;

(3) Acting as a police officer for the purposes of maintaining general crowd control and order at the event, or to detect persons cheating the participants or the

house, when that person is a commissioned law enforcement officer with the power to make arrests in the jurisdiction in which the event is being held or is the employee of a commercial securities service firm licensed by the city, town, or county, in which the event is being conducted to provide such services;

(4) Providing janitorial functions;

(5) Persons whose participation is limited to supervising personnel carrying out the functions enumerated in (1), (2), (3) and (4).

Provided, That the payment to persons to perform these functions does not exceed the local prevailing level of payment for a similar function at other than fund-raising events.

[Statutory Authority: RCW 9.46.070(13). 79-01-026 (Order 88), § 230-25-270, filed 12/18/78.]

**WAC 230-25-310 Fund-raising event--List of workers to be available on premises.** (1) The licensee conducting a fund-raising event (FRE) shall prepare and have available on the premises a list of all persons taking part in the management or operation of the FRE. Such list shall contain the name, address, telephone number and a description of the type of membership in the organization of each person. The list shall be maintained as part of the licensee's records of the event and shall be made available to any law enforcement officer or representative of the commission upon request.

(2) Licensees conducting *limited* FREs (see WAC 230-25-325) shall include the name of the FRE equipment distributor and shall obtain from the distributor the names of all workers employed by the distributor who worked the event.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-310, filed 7/17/00, effective 8/17/00. Statutory Authority: RCW 9.46.020(23) and 9.46.070(7). 78-11-049 (Order 87), § 230-25-310, filed 10/20/78.]

**WAC 230-25-315 Workers to wear identification tags.** (1) Each licensee conducting a fund-raising event (FRE) shall furnish each member participating in the management or operation of the FRE an identification tag that, at a minimum, contains the names of the member and licensed organization. Name tags must include at least the member's first initial and last name or first name and initial of the last name. The licensee shall require each member to wear this tag at all times when the member is working at the FRE. The tag shall be worn in plain view so as to be easily seen and read by persons participating in the event. The type and style of tag shall be the option of the licensee.

(2) During a *limited* FRE (see WAC 230-25-325), employees of the FRE equipment distributor shall wear

name tags that, at a minimum, state the first name of the employee and full name of the FRE equipment distributor.

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-315, filed 7/17/00, effective 8/17/00. Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-315, filed 9/15/81.]

**WAC 230-25-320 Limits for operation and participation in fund-raising events.** No person under the age of eighteen years of age, and no person intoxicated or under the influence of any drug or substance shall be allowed to participate in the operation or management, or participate as a player, at any fund-raising event.

[Statutory Authority: RCW 9.46.020(23) and 9.46.070(14). 81-19-072 (Order 111), § 230-25-320, filed 9/15/81.]

**WAC 230-25-325 Limited fund-raising event--Procedures and restrictions.** Pursuant to RCW 9.46.0233(2), nonprofit or charitable organizations may offer *limited* fund-raising events (FREs). Organizations offering *limited* FREs must operate the FRE under the following operational procedures:

**Operating procedures.**

(1) Only members of the organization and their guests shall participate in the event. The event shall not be open to the general public.

(2) Participants shall purchase scrip with cash.

(3) Scrip shall be exchanged at gambling stations for chips.

(4) Only bona fide members will be utilized for all transactions involving acceptance of cash for scrip, conducting the schemes to determine the winners of merchandise prizes, and maintaining records during the event.

(5) The value of all purchased prizes must not exceed ten percent of the gross revenue from the event, less the cost of the FRE equipment rental contract.

(6) Any prizes purchased from the FRE equipment distributor must be disclosed. The cost may not exceed the fair market value. Prizes may be disclosed to the public at the retail value.

**FRE equipment distributors.**

**Limitations.**

(7) The nonprofit organization may only contract with a person or organization licensed as a FRE equipment distributor to provide the equipment and staff to operate the gaming stations.

(8) Under no circumstances shall employees of the FRE equipment distributor handle cash transactions or allow participants to purchase chips with cash.

### *Compensation.*

(9) The fee paid to the FRE equipment distributor shall be in compliance with WAC 230-25-120. The FRE equipment distributor shall not share in any way in the proceeds of the event except as set forth in the rule.

### **Information to be submitted with FRE application.**

(10) The application must include details relating to the initial cost to participate, and method for purchasing additional scrip, as well as identify all costs included in the initial price to enter that are not related to the gambling activity (i.e., meals, drinks, etc.). The application must also identify the scheme that will be followed to distribute the merchandise prizes to participants at the end of the event (i.e., raffle, auction, etc.).

(11) All contracts signed by the FRE licensee with the FRE equipment distributor and premises provider must be submitted with the FRE license application.

### **Fees.**

(12) The licensing fee for a *limited* FRE shall be as set forth in WAC 230-04-202(4).

[Statutory Authority: RCW 9.46.070. 00-15-048 (Order 387), § 230-25-325, filed 7/17/00, effective 8/17/00.]

**WAC 230-25-330 Recreational gaming activity--Rules for play.** An organization, business, or association shall conduct a recreational gaming activity in accordance with the following rules:

(1) Any gambling device utilized for such activity must be rented or obtained from a licensed distributor of fund-raising event equipment or a licensee authorized to conduct fund-raising events (not applicable to homemade, nonprofessional devices);

(2) Gambling of any type shall be prohibited on the premises where recreational gaming activity takes place;

(3) Scrip or chips having no value shall be utilized for each activity;

(4) There shall be no fee charged for the opportunity to participate or enter the premises: Provided, That a fee may be charged for an accompanying dinner, meal, or entertainment associated with the activity, as long as such a fee is only related to those additional activities and the costs incurred in renting the devices utilized in the activity;

(5) A scheme may be utilized whereby participants can redeem their scrip or chips for prizes; Provided: All prizes must be donated to or provided by the sponsoring organization;

(6) The activity shall be limited to eight hours. The director may, for good cause shown, grant additional time;

(7) The sponsoring organization must notify local law enforcement officials at least ten days prior to the

commencement of the activity, and specify the date, time, and location of the activity.

[Statutory Authority: RCW 9.46.070 (4), (11), (14), (17) and (20). 96-09-071, § 230-25-330, filed 4/16/96, effective 7/1/96. Statutory Authority: RCW 9.46.070. 95-12-051, § 230-25-330, filed 6/2/95, effective 7/3/95. Statutory Authority: Chapter 9.46 RCW. 91-15-040 (Order 224), § 230-25-330, filed 7/17/91, effective 8/17/91.]

## Operational Questions/Regional Offices

<b>Lynnwood</b>	(425) 776-6751	<b>Tacoma</b>	(253) 471-5312	<b>Spokane</b>	(509) 456-3167
<b>Bellingham</b>	(360) 738-6203	<b>Yakima</b>	(509) 575-2820	<b>Wenatchee</b>	(509) 662-0435

## Headquarters Lacey (800) 345-2529 or (360) 438-7654

### Extension Numbers

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\* Call the closest regional office listed above

**Washington State Council on Problem Gambling  
(800) 547-6133**

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